



## Remaining Year 2000 Risks

FIL-9-2000

February 17, 2000

TO: CHIEF EXECUTIVE OFFICER

SUBJECT: *Outstanding Risks Associated With the Year 2000*

As a result of the banking industry's comprehensive Year 2000-readiness preparations, no substantive problems occurred during the date change period. However, while the industry can generally claim success, some associated risks remain. They involve certain critical dates, the expiration of temporary remediation techniques, records retention and customer risk.

### **Critical Dates**

The following are critical dates that may cause system problems. Many of the dates were included in test scenarios. Institutions should review processing results closely.

February 29, 2000	Leap year date
March 31, 2000	End of first quarter of 2000
October 10, 2000	First date to require eight-digit field
December 31, 2000	Last date of year
January 1, 2001	First date of year
December 31, 2001	Ensure 365-day year

The FDIC's examination staff plans to contact certain institutions immediately following February 29, 2000, to determine the status of their information system operations.

### **Temporary Remediation Techniques**

Institutions that used temporary techniques, such as "windowing," to remediate systems should plan to replace or repair these systems as needed. Plans should be established in sufficient time to allow for an orderly and timely transition, with a minimum of operations disruption. Examiners will review these plans during regularly scheduled examinations.

### **Records Retention**

Each institution should retain the documentation of its Year 2000 efforts to demonstrate it has satisfied its fiduciary, contractual and regulatory responsibilities. Management may wish to seek legal counsel on the suitability of its institution's records retention system.

### **Customer Risk**

In 1998, the Federal Financial Institutions Examination Council issued guidance to institutions about the Year 2000's potential impact on customers. The statement provided guidelines for controlling both general and specific risks related to borrowers, depositors and capital

markets/asset management counterparties. Management should continue to monitor the potential customer risk for the remainder of the year.

Throughout this year, the FDIC expects its supervised institutions to continue to report any significant Year 2000-related problems.

For further information, please contact your Division of Supervision Regional Office.

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Director

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