



Year 2000 Contingency Planning

FIL-60-99
June 22, 1999

TO: CHIEF EXECUTIVE OFFICER
SUBJECT: Interim Rule Requiring Banks and Thrifts With Less Than "Satisfactory" Y2K Ratings to Maintain Key Deposit and Loan Information

The FDIC Board of Directors has approved the attached interim final rule on Year 2000 (Y2K) contingency planning. The rule requires FDIC-insured depository institutions rated less than "satisfactory" for Year 2000 readiness by their primary federal regulator as of July 31, 1999, to maintain key deposit and loan information using a standard format beginning December 24, 1999. The standardized backup programs required by the rule would reduce the time needed to retrieve, translate and transfer information about accounts should a financial institution need the help of another data processor or be placed in receivership. The FDIC would use the information only if an institution experiences a Y2K-related problem.

The FDIC is requesting comments on the interim final rule by July 9, 1999. The rule will take effect on that date.

The FDIC anticipates that only a small number of financial institutions will be required to participate in the "Asset and Liability Backup Program." More than 98 percent of insured institutions are currently rated "satisfactory" for Y2K preparedness. While the FDIC expects all financial institutions to be prepared for the Y2K transition, it must ensure that depositors have the quickest possible access to their funds in the unlikely event that a financial institution experiences significant Y2K difficulties.

Affected institutions will be required to program for, test, produce and retain in a standard format certain key deposit and loan account information. The institution may select the most cost-effective method of capturing and storing the required data sets.

The rule will apply to affected institutions until the earliest of these events:

- The institution achieves a "satisfactory" Y2K readiness rating, or is exempted from the rule by its primary federal regulator by demonstrating to the regulator's satisfaction that its business systems and data are accurate and reliable post millennium; or
- The rule's sunset on June 30, 2000.

Information about Y2K-related issues may be accessed at www.fdic.gov/about/y2k or www.ffiec.gov. For more information about the rule, please contact James E. Crum in the FDIC's Division of Resolutions and Receiverships on (202) 898-6698.

John F. Bovenzi
Director

Attachments: (*Federal Register*, June 9, 1999, Vol. 64, No. 110, Pages 30869-30880)
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