

RESCINDED AL 99-11

OCC ADVISORY LETTER

Any attachments to this document are rescinded only as they relate to national banks and federal savings associations.

Subject: Year 2000 Letter to Service
Providers and Software Vendors

TO: Chief Executive Officers of Service Providers and Software Vendors, Department and Division Heads, and Examining Personnel

This advisory is to alert you to the attached Federal Financial Institutions Examination Council (FFIEC) letter. This letter outlines the scope of OCC and other FFIEC agency oversight of service providers and software vendors during both the fourth quarter of 1999 and the century date change rollover period.

For further information, please contact Aida Plaza-Carter, Director for Bank Information Systems at 202-874-4740.

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Senior Deputy Comptroller for Bank Supervision Policy

Attachment

Federal Financial Institutions Examination Council



2000 K Street, NW, Suite 310. Washington, DC 20006, (202) 872-7500, FAX (202) 872-7501

October 15, 1999

To: The Boards of Directors and Chief Executive Officers of companies that provide computer services and software to insured financial institutions, all federally supervised financial institutions, senior management of each FFIEC agency, and all examining personnel.

The Federal Financial Institutions Examination Council (FFIEC) agencies place a high degree of importance on the Year 2000 readiness efforts of the financial industry. Because of the importance of service providers and software vendors to the financial services industry, in 1998 the FFIEC agencies augmented the reviews of these organizations to include quarterly analyses of their Year 2000 readiness. We are now in the final months of our Year 2000 supervisory program and our efforts will focus on the continued Year 2000 readiness of both financial institutions and their service providers and software vendors. This letter outlines the scope of our activities for the fourth quarter and during the century date change rollover period relating to service providers and software vendors.

Fourth Quarter Reviews

During the remainder of 1999, a combination of on-site visits and telephone contacts will be used depending upon the risk profile of the service provider or software vendor. During these contacts, examiners will review:

- Business resumption contingency planning efforts;
- Clean management procedures and conversion efforts;
- Year 2000-related operating problems;
- Deficiencies noted during previous Y2K assessments; and
- Event planning efforts.

Century Date Change Rollover Period

The FFIEC agencies plan to monitor operating performance of service providers and software vendors closely from late December 1999 throughout the first week of January 2000. FFIEC agency examiners will be on-site at selected service providers and software vendors during this period. These entities will be notified that an examiner plans to be on-site. All other institutions and companies will be contacted via telephone during the rollover period by a representative of the primary examining agency. Efforts during this period will focus on ensuring that mission-critical systems are operating effectively.

Examination staff will be gathering information on companies' performance throughout the rollover period. This information will help the FFIEC agencies monitor and report on the status of the nation's financial institution industry, quickly identify problems, and take appropriate corrective action where needed. To facilitate the gathering of information, representatives of the appropriate FFIEC agency will contact you to determine the name, location, and telephone number of the individual or individuals to contact during the rollover period. The FFIEC agencies will be working together to coordinate our monitoring efforts. Each FFIEC member agency will notify the service providers and software vendors it examines of the specific information to be collected.

During the century date change period, management of service providers and software vendors should promptly notify the primary examining agency of any operating problems encountered. We also expect prompt and forthright communications between service providers and software vendors and their clients during this period.

For further information, please contact your primary examining agency's supervisory office.