



# RESCINDED

Office of Thrift Supervision  
Department of the Treasury

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Any attachments to this document are rescinded only as they relate to national banks and federal savings associations.

**MEMORANDUM FOR:** Chief Executive Officers

**FROM:** Richard M. Riccobono *Richard M. Riccobono*

**SUBJECT:** OTS Year 2000 Event Management

This memorandum and enclosed videotape explain OTS's Year 2000 Event Management Plan. We continue to be pleased with the thrift industry's commitment to Year 2000 readiness and the positive way in which we have worked together to address the potential for problems. Based on the findings of our rigorous Year 2000 examination program, we are confident that your institution will have a smooth transition to the next century. This event management plan will help ensure a seamless rollover as we continue to work together to complete this critical project.

## OTS EVENT MANAGEMENT PLAN

### Pre-Rollover Event Activities

During the remainder of 1999, we will continue to monitor your institution's Year 2000 readiness, and work with other federal banking agencies to monitor third party service providers and software vendors.

Our regional offices will contact your institution at least once by December 8, 1999 to conduct a "health check."<sup>1</sup> We will ask about:

- contingency planning, including testing of contingency plans,
- liquidity and cash management planning,
- customer awareness activities and customer behavior patterns,
- clean management practices,
- conversion risks, if applicable, and
- your plans for the rollover period.

<sup>1</sup> Some thrifts will receive two or more calls by year-end. These include thrifts with large or complex information technology (IT) environments, those that demonstrated weaknesses during one or more of the four Year 2000 examinations, those that converted systems late in the year, and those deemed to have a significant market presence or profile. Some thrifts will also receive calls between December 27 and December 30, 1999, to help us gauge actual customer behavior. Regional staff will let you know shortly if your thrift falls into any of these categories or has otherwise been selected to receive additional phone calls.

This call will lay the groundwork for two-way communications during the rollover period. A copy of the work program we will use to guide the fourth quarter contact is found in Attachment A. As discussed later in this memorandum, we will be in contact with each thrift at least three times during the rollover period. It is essential that all these calls be well-planned.

During the fourth quarter, we will also be preparing our communication centers, and testing and refining our event and contingency plans. These activities will be coordinated with other federal and state agencies, as well as with the Information Coordination Center (ICC) of the President's Council on Year 2000 Conversion.

### **Rollover Event Management Plans**

Beginning December 27, 1999, we will operate Communications Centers in our Washington and regional offices. The main purpose of these centers will be to continuously monitor Year 2000 events so that we will have timely and accurate assessments of the industry's condition to guide us in the unlikely event that problems surface. We will closely work with thrifts that either experience problems or are affected by problems to resolve issues as quickly and effectively as possible. The information gathered by the Communications Centers, and the level and variety of staffing we will maintain at those sites, will also enable us to respond promptly and appropriately to questions from your institution. Additionally, our Communications Centers will monitor incoming calls to our Consumer Hotline so that we and you will be better able to assist the public throughout the rollover event period.

Specifically, our Communications Centers will:

- Monitor conditions that affect the thrift industry and its customers, through: (1) pre-scheduled contacts with thrifts, and selected service providers and software vendors; (2) other contacts initiated by OTS-regulated institutions; (3) contacts with other federal and state agencies; and, (4) news media and other sources.
- Assemble and analyze data derived from monitoring.
- Forward relevant information to others such as the Information Coordination Center for the President's Council on Year 2000 Conversion.
- Respond to questions and comments from the industry, the public and the press.
- Implement contingency plans, if necessary.

These Communications Centers will operate 24 hours a day beginning December 31, 1999 through January 7, 2000. We may scale back our 24-hour operations as conditions permit.

Although we do not expect thrifts to experience major problems or disruptions, we must be prepared to respond promptly should problems surface. In order to know whether and how to implement contingency plans, we will need to gather and analyze information about the thrift

industry's Year 2000 status in a real-time mode. Timely information will also help us dispel false alarms and deal more effectively with actual problems.

Accordingly, we will make contact with your institution three times during the rollover period, as follows:

Initial Contact	January 1 or 2
Second Contact	January 3
Third Contact	January 4 or 5

The purpose of these contacts is to monitor the status of your institution after the rollover. Specifically, we will focus on your institution's operational abilities and financial condition, including liquidity and capital.

If any problems do arise at your institution, we will work closely with you until they are resolved. We will help you assess the scope of any problems and the effectiveness of your business resumption contingency plans. We will also discuss your plans to communicate with your customers. If necessary, we will send examiners on-site to help prepare the assessments and monitor your progress.

Where there is overlapping regulatory authority with other federal or state agencies, we will coordinate our rollover efforts with those other agencies to minimize, or avoid if possible, duplicative calls.

*Initial Contact (January 1 or 2)*

During the first contact, we will confirm that your institution is prepared to be open for business as usual on January 3. If you are not prepared, we will want to know why and what you are doing to remedy any problems. We will also ask about the execution of your contingency plans. The timing and nature of the first scheduled contact and the depth of information gathered depends on a number of factors as highlighted in the following table.

Type of Operation / Conditions	Schedule for Initial Rollover Call
<b>Thrifts Open for Business</b> (Lobby Customers) on Jan. 1 <sup>st</sup> regardless of IT Environment	Regional Offices to call the thrift by 3:00 p.m. local time, Saturday, January 1 <sup>st</sup> .
<b>Selected Other Thrifts</b> (Selected and notified by Regional Offices during the 4 <sup>th</sup> quarter)	Regional Offices to file on-site report or to call the thrift by 3:00 p.m. local time, Sunday, January 2 <sup>nd</sup> .

Type of Operation / Conditions	Schedule for Initial Rollover Call
<p><b>All Other Thrifts</b></p> <p>In-House IT Operations those that run proprietary programs and those that run programs licensed by/or obtained from software vendors. The latter type is sometimes known as a “turnkey.”</p>	<p>Regional Offices to call the thrift by 3:00 p.m. local time Sunday, January 2<sup>nd</sup>.</p>
<p>Serviced Institutions (those that rely on service providers, sometimes known as service bureaus) and Manual Institutions.</p>	<p>Regional Offices to call the thrift by 3:00 p.m. local time Sunday, January 2<sup>nd</sup>, unless the thrift files a pre-opening notice with the Regional Office by noon Sunday local time by e-mail, fax or phone.</p>

We will let you know before year-end which category your thrift falls into and work with you to schedule the initial rollover call or, in some cases, to schedule a visit to your institution on one or both of these days.

Many serviced thrifts (those that rely on data service providers for core processing applications) may not be able to test with those companies until the morning of January 3, 2000. These thrifts are still expected to test what they can on January 1 or 2, 2000 – items such as ATMs, teller platforms, vault doors, phones, faxes, etc. – but regional offices will accept a pre-opening notice via fax, e-mail, or phone call initiated by the thrift, in lieu of a pre-scheduled call placed by us. (See the sample notice in Attachment B.) We will let you know before year-end whether your thrift qualifies for this approach. However, you should note that the deadline for receipt of the pre-opening notice is noon local time on January 2, 2000.

*Second Contact (January 3)*

Your institution will be called or, in some cases, visited on January 3, 2000. Calls will be placed between 10:00 a.m. and 3:00 p.m. local time. We will work with you to determine the time of the call or on-site visit. Our intent is to allow time for you to conduct a sufficient volume and variety of transactions and to obtain reports from branch offices to be able to accurately report the Year 2000 status of your systems and better gauge customer behavior. During this contact we will ask you about the operational status of your systems. For example, we will want to know if mission-critical systems are properly processing transactions. We will also ask you to describe lobby and telephone call traffic and the types of inquiries your offices are receiving from the public.

*Third Contact (January 4 or 5)*

We will call your institution again, on either January 4 or 5, 2000. We will discuss the timing of this call when we make our second contact with you on January 3. The purpose of this call is to verify that problems have not surfaced in applications, programs and functions that had not been tested with a "live" transaction when the first two rollover calls were made (e.g., loan origination, construction loan drawdowns, bond redemption, etc.). Similarly, problems may not surface in daily trial balances, activity and exception reports until they are run after the close of business.

**Other Rollover Event Activities**

We will also be working with the other federal banking agencies to closely monitor service providers and software vendors that support core processing and high profile or high risk applications for financial institutions. The event plans for these companies are tailored to their operations, but in general, the regulators will have an on-site presence at the larger companies and frequent contacts with the others. We will inform direct institutions of any problems identified at these entities, whether reported by them directly, or disclosed by OTS or the other federal regulatory agencies.

**Post-Rollover Event Activities**

We will continue monitoring Year 2000 conditions well into 2000, and into 2001. Remember that there are several critical dates beyond the millennium rollover. These include February 29, March 31 and December 31, 2000. To the extent possible, this regulatory monitoring will be folded into routine supervisory activities, including regular examinations and other contact. However, it is possible that some special examinations or phone calls may be necessary.

Additionally, in the unlikely event that significant problems surface during the calendar year rollover, we may need to implement a special Leap Year Rollover Event plan. If so, you will be notified in January.

**YOUR RESPONSIBILITIES**

For us to gather the information we need to properly assess industry conditions during the calendar year rollover period, it is important that you designate appropriate institution contacts. The primary contact should be yourself or another senior officer who can respond on the full range of questions that will be asked during the rollover calls. The contact officer must be able to discuss the comprehensive status of operational, cash / liquidity and customer behavior matters. If operational problems surface, the contact officer must be able to identify the area(s) affected but may defer follow-up questions (e.g., software version, equipment, etc.) to the Year 2000

program manager or other individual. All contacts, whether they are designated as primary, secondary or backup must be authorized to speak for your institution.

You also need to provide us with as many means of contact as you can. For example, we will need to know the office phone number, cell phone number (if available), home phone number, fax phone number, and e-mail address of your contact personnel. We need to be able to contact someone from each thrift during the rollover period, regardless of weather conditions or disruptions directly or indirectly caused by Year 2000 conditions. In particular, we cannot rely on general institution switchboard phone numbers that could be under a heavy load of incoming calls from customers during the period. We also need to be able to reach your contacts before or after normal business hours, or on non-business days.

**You should contact your Regional Communication Center immediately upon identifying a Year 2000-related occurrence or any occurrence that may be perceived by the public as Year 2000-related. Do not wait for the next pre-scheduled contact from us. Prompt notification will assist us in monitoring and managing the event's impact on individual institutions and the overall financial services industry.**

You should also contact us immediately if there are other Year 2000 conditions or problems in your community, including situations at other financial institutions, that could trigger problems for your institution or others.

If problems surface at your institution that affect your customers or counterparties you need to communicate with them promptly and forthrightly. You must also communicate the problem to us.

We encourage you to be sensitive to how consumers may perceive problems of any sort immediately before, during and after the calendar year rollover. Some consumers are likely to be more anxious than usual during this period and there may be a tendency to believe that all problems related to computers and electronic items – even those that are everyday events – are Year 2000 problems. They will be interested in your assessment of the problem – Y2K or otherwise – and what you are doing to resolve it. Let people know who your designated consumer contacts are and how to reach them. Our consumer affairs staff field thousands of calls from thrift customers each year. Many of these calls come our way because the individual has not been able to find the right person to talk to at his or her institution.

We expect you to do enough pre-opening testing to ensure that your systems are operating properly or that contingency plans can successfully be implemented. We expect you to continue testing and monitoring Year 2000 conditions the first several days of the new year. To a lesser extent, this testing and monitoring should continue throughout the year, especially around the

critical dates such as January 31, February 29, March 31 and December 31, 2000. Should problems surface, you should contact us immediately.

### ADDITIONAL MATTERS

Our regional offices will supplement this memorandum with another communication explaining more of the specifics for our fourth quarter and rollover activities. In particular, they will provide you with names and numbers for the contacts available in their communications centers.

Here are the key numbers for our National Communications Center:

Main Number: (202) 414-3870  
Fax Number: (202) 414-3898

We will post additional information about our regional and national communications centers on the OTS Web site ([www.ots.treas.gov](http://www.ots.treas.gov)).

### SUMMARY

We are confident that the Year 2000 rollover will be a time for both of us to celebrate what we have accomplished over the past several years. Both the thrift industry and OTS have put too much effort into assuring a smooth transition to the new millennium to fall short of our common goal. We need to continue to work together before, during and after the rollover period to make certain there are no significant disruptions in financial services offered by the thrift industry.

As always, we are interested in your questions and concerns regarding the Year 2000 date change. Please contact the Year 2000 Coordinator at your regional office (listed in the Millennium and on our Web site); Dorothy Van Cleave, National Year 2000 Coordinator at (202) 906-7380; or Jennifer Dickerson, Director, Technology Risk Management, at (202) 906-5631 for further assistance.

Enclosures

**OFFICE OF THRIFT SUPERVISION**  
**Workpaper Program**  
**Year 2000 Health Checks**  
**Oct. 1 to Dec. 8, 1999**

**Introduction**

The following examination procedures are for general use in all thrifts and data centers that service them. The examination procedures focus on the final stages of Year 2000 preparedness and lay the ground-work for communications between the thrift and OTS during the rollover period.

This program is to be used for Year 2000 Health Check contacts made with from October 1 through December 8, 1999. As with all workpapers, you should maintain a neat, organized file of these programs and all associated documents.

The questions inserted into the examination procedures below are illustrative rather than mandatory. The depth of discussion on any particular topic will depend on several factors, including the degree to which such topics were covered at previous examinations, the nature of the thrift's operations, its size and location, etc., as appropriate.

**Examination Objectives**

To gauge the likelihood that contingency plans will have to be implemented and position ourselves for those possibilities.

To fine-tune plans for Communications Centers.

To keep Congress, the President's Council, other agencies, and the public apprised of conditions.

To determine whether the organization has effectively coordinated Year 2000 processing capabilities with its customers, vendors, and payment systems partners.

To identify whether further corrective action may be necessary to assure an appropriate level of attention to Year 2000 processing capabilities.

Exam Date: \_\_\_\_\_  
Prepared By: \_\_\_\_\_  
Reviewed By: \_\_\_\_\_  
Docket #: \_\_\_\_\_

**OFFICE OF THRIFT SUPERVISION**  
**Workpaper Program**  
**Year 2000 Health Checks**

**Examination Procedures**

*Select from the following examination procedures the steps necessary to meet the examination objectives.*

*Note: Examinations do not require completion of all steps.*

1. **Follow up** on any open matters, "Matters Requiring Board Attention," or concerns noted at the last examination. (These include concerns not serious enough to trigger an adverse rating at the prior exam.)
2. **Status of Mission-Critical Items** (equipment, software, systems, applications, programs, etc.) Determine whether there has been any slippage / regression or whether any new problems have surfaced. Discuss clean management practices.
3. **Status of Non-Mission Critical Items.** If these had not all been renovated / replaced, tested and implemented at the last examination, follow up on previously incomplete items of regulatory interest. Determine whether there has been any slippage / regression or whether any new problems have surfaced.

Particular attention should be devoted to items which may be important from the typical customer's perspective, though not a "mission-critical" matter to the thrift, such as ATMs.

4. **Contingency Planning.** Has the Business Resumption Contingency Plan been tested? How? What were the results? What, if any, adjustments have been or will be made?
5. **Customer Awareness / Customer Behavior.** Has the thrift expanded its customer awareness program or changed its message since the last exam? What activities are planned for the balance of the year, and for the rollover period? What is management's assessment of the Year 2000 "mood" in its communities?
6. **Cash / Liquidity Planning.** To the extent not covered under previous procedures, discuss steps the thrift has taken, will take or is considering taking to monitor and manage cash flows for the balance of 1999 (and the first part of 2000, when "extra" cash may return, so to speak). As appropriate, suggest additional steps being taken by other similar thrifts.
7. **Thrift's Calendar Year Rollover Plans.** Discuss management's plans for the rollover weekend in sufficient detail to gain an understanding of the ordinary and special steps the thrift will take December 31, 1999 through January 4, 2000. For example, is the thrift in a "Business as Usual" mode or taking extra steps to reassure the public? Does the thrift plan to be open to the public January 1 or 2; if so, what is the planned scope of operations?

Exam Date: \_\_\_\_\_  
 Prepared By: \_\_\_\_\_  
 Reviewed By: \_\_\_\_\_  
 Docket #: \_\_\_\_\_

**OFFICE OF THRIFT SUPERVISION**  
**Workpaper Program**  
**Year 2000 Health Checks**

8. **Rollover Call Protocols.** Establish preliminary protocols for OTS Rollover Calls during the Rollover Event period. Adjust and/or reconfirm these shortly before the rollover.

The examiner should provide a brief overview of OTS's Event Management plans, including relevant regional matters.

9. **Policy Matters.** Management should be reminded of its responsibilities to:
- Monitor balance sheet changes that could affect the thrift's capital category; and to review the guidance and follow the steps outlined in the document entitled, "Guidance to Examiners for Dealing with Year 2000 Capital Issues".
  - Promptly alert OTS to any Y2K problems (operational, liquidity, media, customer behavior, etc.) – and not wait for the scheduled Rollover call.

10. **Other Rollover Information Needs .** The examiner should confirm key data regarding:

- The thrift's Information Technology environment (i.e., verify or update ITD information)
- Branch Offices (i.e., check BOS data re branch locations and size. Note in the workpapers any branch openings/acquisitions or closings/sales since the Branch Office report filing as of June 30, 1999?).

Further, to assist OTS office staff with consumer calls during the rollover period, the examiner should obtain current information from the institution on its hours of operations, names of contacts, and phone numbers for each branch office and supermarket location.

Exam Date: \_\_\_\_\_  
Prepared By: \_\_\_\_\_  
Reviewed By: \_\_\_\_\_  
Docket #: \_\_\_\_\_

## Pre-Opening Notice

In lieu of participating in a telephone “Health Check” update with the Office of Thrift Supervision, I certify to the following:

To the best of my knowledge, we are operating normally and are not experiencing any Y2K disruptions with core processing systems, other mission critical systems, or other systems visible to the public. In addition, we are not experiencing deterioration in financial condition (including liquidity, capital, and customer behavior) as a result of Y2K related events. If Y2K disruptions or financial problems did occur, they were resolved and are not expected to pose further risk to the institution.

We have made every effort to test systems and facilities to assure continued and uninterrupted service to our customers.

Footnote: “We” refers to the institution

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Name of Institution: \_\_\_\_\_

City: \_\_\_\_\_

State: \_\_\_\_\_

OTS Docket #: \_\_\_\_\_

Upon completion, fax or e-mail this form to your respective OTS Regional Office.