



BULLETIN

B-99-2

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**TO: ALL TENNESSEE STATE-CHARTERED BANKS, SAVINGS BANKS,
TRUST COMPANIES, AND BIDCOs**

SUBJECT: YEAR 2000 – DUE DILLIGENCE

DATE: January 19, 1999

The exercise of due diligence is a central issue in the Year 2000 problem. Comprehensive documentation of the Board of Directors and Management's efforts is the primary method for verifying that reasonable due diligence was performed. Inadequate documentation could jeopardize the Board's ability to defend its efforts should any problems arise due to the Year 2000 problem. The purpose of this Bulletin is to outline several key items that must be adequately documented to help verify that due diligence was used in addressing the Year 2000 problem.

It is required that the Board of Directors ensure that the following items are documented in writing to support the Year 2000 conversion process:

- A written Year 2000 Plan;
- A written Year 2000 Contingency Plan;
- A written Year 2000 Test Plan;
- A written Year 2000 Business Resumption Contingency Plan;
- A written plan or strategy addressing potential liquidity needs caused by the Year 2000;
- A documented strategy for customer education;
- All relevant correspondence from vendors and/or service providers; and
- Written documentation in the Board of Directors minutes noting regular discussion of the Year 2000 process.

Failure by the Board of Directors to maintain adequate documentation will not be acceptable and could result in the Department taking any appropriate administrative action that may be deemed necessary.

If you should have any questions regarding this Bulletin, please contact Assistant Commissioner Derek Carrier or Chief Administrator Jim Douthit at (615) 741-6013.

Bill C. Houston, Commissioner