

# Texas Department of Banking

## Press Release

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### Applications Filed Will be Reviewed for Y2K Compliance

Date: March 6, 1998

Due to continued concern about state institutions' readiness to deal with Year 2000 (Y2K) compliance issues and the regulators' responsibility to properly assess risk, Commissioner Catherine A. Ghiglieri announced that effective today, the analysis of each application filed with the Department will include a review of Y2K compliance. Commissioner Ghiglieri stated, "This is a critical issue that we feel may not have received sufficient attention. Those institutions that are engaging in new activities, expanding their markets, or undertaking an action which requires approval, must demonstrate their ability to manage the increased risk associated with these activities. As we approach the Year 2000, the margin for error narrows and the need for adequate planning and resource deployment increases each day."

For banks and trust companies that have undergone an on-site Y2K examination from the Federal Deposit Insurance Corporation, Federal Reserve Bank or Texas Department of Banking and received a satisfactory rating, generally no additional information will be required. Exceptions are merger applications and applications involving the establishment or acquisition of a subsidiary. In those instances, the bank will be required to submit information on the Y2K compliance status of the target entity and the integration of the computer systems of both entities.

For banks and trust companies that have not undergone an on-site Y2K examination, those institutions will be required to submit information demonstrating compliance with the FFIEC Interagency Policy Statement on Year 2000 Compliance preparedness and any additional guidance provided by that institution's primary federal regulator. Copies of these documents may be accessed through the Department of Banking's [website](#). An application lacking Y2K compliance information will neither be considered complete nor accepted for filing. Applications for de novo banks and trust companies will be included in this category.

Banks and trust companies that have undergone an on-site Y2K examination and *have not* received at least a Satisfactory rating are *not eligible* for expedited treatment. Because the potential for adverse impact on safety and soundness is great, any application submitted by an institution in this category will be subject to intense scrutiny. The applicant must demonstrate that sufficient action has been taken since the on-site examination to address the deficiencies previously identified.

Commissioner Ghiglieri commented, "Our goal is to determine that our state banks and trust companies are adequately prepared to achieve Y2K compliance and, in those instances where deficiencies exist, to quickly focus attention on resolving those deficiencies."