

The Chief Executive Officer  
All Foreign Banks

Dear Sir,

**Year 2000 (Y2K) Problem – Remediation framework and Compliance Deadlines**

Please refer to our circulars DBS.No.Y2K.BC/23/35.01.00/98-99 dated August 7, 1998 and DBS.No.Y2K.BC/29/35.01.00/98-99 dated September 14, 1998 outlining a broad remediation framework that may be adopted by banks for managing their Year 2000 process while stipulating expected standards of compliance and testing. Banks were expected to complete all the primary measures envisaged in our circular including renovating/ replacing systems, applications and equipment by September 30, 1998 and send us a certificate of compliance to the effect duly noted by their Board of Directors. Commencing not later than October 1, 1998 Banks are expected to continuously validate their renovated systems and identify alternate approaches if renovations are not successful.

2. Based on the feedback received so far, we are concerned to note that there has been serious slippage in compliance efforts on the part of some banks. While these banks will be addressed individually, we would like to emphasize that unless renovation processes are complete, banks may stand exposed to the potential danger of not being able to test and implement their systems and applications in time. In view of the serious operating and system wide implications of time over-runs in individual bank's compliance efforts, we advise that banks should ensure that all intermediate time limits stipulated earlier (as reproduced in the following table – items 1 to 5) and terminal compliance deadlines now suggested by us in the same table are strictly adhered to.

<b>Sr. No.</b>	<b>Action Plan Component</b>	<b>Target Date for compliance</b>
1	Developing a Strategic Approach	Completion date has been fixed as September 30, 1998
2	Creating Organizational Awareness	
3	Assessing Actions and developing detailed plans	
4	Renovating/ Replacing systems, applications and equipment	
5	Validating Renovated System through testing	Continuous process commencing not later than October 1, 1998
6	Implementing compliant, tested systems	Completion date : December 31, 1998
7	Developing appropriate contingency plans	Completion date: March 31, 1999
8	Validation of Contingency Plans	Continuous process commencing not later than March 31, 1999

3. We would expect the Top Management to be closely involved in the Y2K compliance efforts of their respective organisations and ensure that deadlines and other regulatory requirements are adhered to.

Yours faithfully

sd/-

(A.Q. Siddiqi)

Chief General Manager