

Chairman/ Managing Director/ Chief Executive
All Commercial Banks

Dear Sir

Year 2000 (Y2K) Issues – Contingency Planning

Please refer to our circular Ref.DBS. No.Y2K.BC. /42/35.01.00/98-99 dated December 1, 1998 advising banks and financial institutions of the need to develop contingency plans, apart from normal business continuity and disaster recovery plans, to assure business continuity as an integral part of their Year 2000 programme. The Board of Directors and Senior Management are required attach high priority to the development, validation and implementation of Year 2000 contingency plans. A general framework and other core considerations in preparation of Year 2000 Contingency Plans were also advised to banks and financial institutions.

Banks should immediately commence working on their contingency plans to ensure business continuity in the event of Y2K induced disruptions. This has assumed urgency in view of the short time available before the advent of Year 2000. The decision regarding appropriate contingency measures would be the responsibility of the Board of Directors of the bank/ institution concerned. As a measure of additional guidance, banks/ institutions are advised that, apart from the general framework and other core considerations suggested by us, it may be prudent to prepare hard copies of their books and customer accounts as on December 31, 1999 to facilitate business continuity across the millennium. Clear hard copy back-up of pick-up, delivery, payment and receipt schedules in respect of treasury related operations should also be maintained so that there is no default in meeting contractual product delivery or payment obligations due to Y2K induced disruptions.

Banks should also keep adequate physical cash in hand on December 30 and 31, 1999 so that in the event of any contingency, cash transactions can be assured on those days as also for subsequent days in January 2000.

Your contingency plans need to be tested and constantly updated to address different Year 2000 scenarios that may be envisaged through analysis. You may kindly note that the terminal compliance deadline for preparation of Contingency plans is March 31, 1999.

Yours faithfully

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(M. Sebastian)

Deputy General Manager