



## **Press Release**

**For Immediate Release**

**September 2, 1998**

### **FFIEC Issues Year 2000 Guidance on Fiduciary Services**

The Federal Financial Institutions Examination Council (FFIEC) issued guidance today that addresses the Year 2000 risks associated with fiduciary services. Today's guidance stresses fiduciaries' obligations to protect the assets of all account beneficiaries and manage all client assets solely in those beneficiaries' best interest. The guidance emphasizes particular areas that may affect fiduciary services.

FFIEC member agencies expect that financial institutions will act to mitigate and manage Year 2000 exposures by reviewing their fiduciary services and fiduciary account assets. Directors and senior management are expected to take an active role in this process.

The action a financial institution takes to manage fiduciary risks depends on the types of fiduciary services it offers and the types of assets it manages for account beneficiaries. Areas of potential concern include account and asset administration, third-party risk, counterparty risk, transfer agent services, and client disclosures. The guidance addresses each of these areas.

A financial institution's lack of response to fiduciary Year 2000 issues may be interpreted by beneficiaries and other interested parties as a failure to fulfill its fiduciary duties and to observe the standards of prudence set by the Employee Retirement Income Security Act of 1974 (ERISA) and other applicable laws and regulations.

The FFIEC agencies expect each financial institution to address Year 2000 problems it identifies in fiduciary relationships in order to protect account beneficiaries and limit potential risks to the institution.

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