

STATE OF TENNESSEE
DEPARTMENT OF FINANCIAL INSTITUTIONS



BULLETIN

NO. A-92-1

TO: All State-Chartered Financial Institutions

FROM: Talmadge B. Gilley, CFE
Commissioner

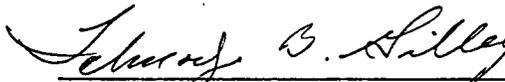
RE: Electronic Data Processing Servicer Examination:
Chapter 0180-13

DATE: October 28, 1992

Effective October 25, 1992 Chapter 0180-13, Rules of the Department of Financial Institutions, Electronic Data Processing Servicer Examination, was amended to reflect the need for a total contingency plan for all state-chartered institutions, and to alter reporting requirements.

Pursuant to 0180-13-.03(5), EDP servicers of state-chartered institutions must now supply the listed information concerning their current status upon the request of the commissioner, instead of on an annual basis. It will also be mandatory pursuant to Section .04 that the board of directors of all state-chartered financial institutions annually review and approve a comprehensive contingency plan, in lieu of the EDP plan, which was previously required by the rule. A copy of the amendments is attached for your records.

For questions regarding these rules please contact Mr. Ben Wooten, Director of EDP Examinations, or Ann Clark, Staff Attorney, Department of Financial Institutions, Fourth Floor, John Sevier Building, 500 Charlotte Avenue, Nashville, Tennessee 37243, 615/741-2236.



Talmadge B. Gilley, CFE
Commissioner

EAC:BSM
Attachment

Proposed Rules
of
Department of Financial Institutions
Chapter 0180-13
Electronic Data Processing Servicer Examination

Presented herein are proposed amendments of the Department of Financial Institutions submitted pursuant to Tennessee Code Annotated, Section 4-5-202 in lieu of a rulemaking hearing. It is the intent of the Department of Financial Institutions to promulgate these rules without a rulemaking hearing unless a petition requesting such hearing is filed within thirty (30) days of the publication date of the issue of the Tennessee Administrative Register in which the proposed rule is published. Such petition to be effective must be filed in the Department of Financial Institutions located at the John Sevier Building, Fourth Floor, 500 Charlotte Avenue, Nashville, Tennessee 37243-0705, and in the Department of State, Fifth Floor, James K. Polk State Office Building, Sixth and Deaderick, Nashville, Tennessee 37219, and must be signed by twenty-five (25) or more members, or any standing committee of the general assembly.

AMENDMENTS

Rule 0180-13 ELECTRONIC DATA PROCESSING SERVICER EXAMINATION is amended by adding the following language to the title, "...and Contingency Planning", so that, as amended, the rule shall be entitled:

Electronic Data Processing Servicer Examination and Contingency Planning.

Authority: T.C.A. Sections 45-1-107, 45-2-616, 45-3-801, 45-4-1001, and 45-5-501.

Rule 0180-13-.03(5) AGREEMENT AND PRIOR APPROVAL REQUIRED is amended by deleting the section in its entirety and by substituting instead the following:

At the time the electronic data processing servicer enters into such a written agreement with the financial institution, and at such other times as the Commissioner may require, the electronic data processing servicer shall also be required to provide information to the Department concerning its current status which shall include, among other things, the following information:

- (1) a current financial statement certified by any managing official of the servicer;
- (2) a list of all Tennessee state chartered financial institutions serviced by the servicer and the location of the data center from which such service is provided;
- (3) the number of employees of the servicer;
- (4) the location of the third party software escrow;
- (5) if the servicer provides processing, how back-up is provided;

- (6) a copy of the most current EDP audit; and
- (7) a listing of the servicer's insurance, including the type, amount, and with whom the coverage is held.

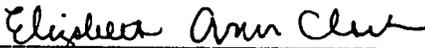
Authority: T.C.A. Sections 45-1-107, 45-2-616, 45-3-801, 45-4-1001, and 45-5-501.

Rule 0180-13-.04 CONTINGENCY PLAN REQUIRED is amended by deleting the section in its entirety and by substituting instead the following:

The Board of Directors of all state chartered financial institutions shall annually review and approve a comprehensive contingency plan that will minimize disruption of services to the institution and its customers, minimize financial loss and ensure a timely resumption of operations in the event of a disaster. This annual review and approval shall be noted in the minutes of the Board of Directors.

Authority: T.C.A. Sections 45-1-107, 45-2-616, 45-3-801, 45-4-1001, and 45-5-501.

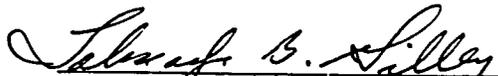
Signature of the agency officer or officers directly responsible for proposing and/or drafting these proposed rules:



 Elizabeth Ann Clark
 Staff Attorney

I certify that this is an accurate and complete copy of proposed rules lawfully promulgated and adopted by the Department of Financial Institutions on the 18th day of June, 1992.

The Secretary of State is hereby instructed that, in the absence of a petition for rulemaking hearing being filed under the conditions set out herein and in the locations described, he is to treat the proposed rules as being placed on file in his office at the expiration of thirty (30) days after the publication date of the issue of the Tennessee Administrative Register in which these proposed rules are published.



 Talmadge B. Gilley, OFE
 Commissioner of Financial Institutions

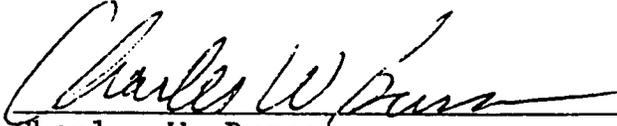
Subscribed and sworn to before me this the 22nd day of June, 1992.



 Notary Public

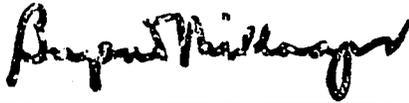
My commission expires on the 23rd day of July, 1994.

All proposed rules provided for herein have been examined by the Attorney General and Reporter of the State of Tennessee and are approved as to legality pursuant to the provisions of the Administrative Procedures Act, Tennessee Code Annotated, Title 4, Chapter 5.



Charles W. Burson
Attorney General and Reporter

The proposed rules set out herein were properly filed in the Department of State and pursuant to the instructions set out above, and in the absence of the filing of an appropriate petition calling for a rulemaking hearing, will become effective on the 28 day of October, 1997.



Bryant Millsaps
Secretary of State

By: Richard Arnold

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