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STATE OF TENNESSEE
DEPARTMENT OF FINANCIAL INSTITUTIONS



BULLETIN

No. A-89-1

December 1, 1989

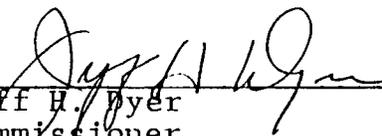
TO: State-Chartered Financial Institutions
RE: Electronic Data Processing Servicer Examination:
Chapter 0180-13

Effective November 29, 1989, Chapter 0180-13, Rules of the Department of Financial Institutions, Electronic Data Processing Servicer Examination, was amended to reflect one substantive change:

New subsection (5) requires electronic data processing servicers to provide the department with a more comprehensive report of their operations.

A copy of these amendments is attached for your records.

For questions regarding these rules please contact Mr. Ben Wooten, Director EDP Examination, or Ann Clark, Staff Attorney, Department of Financial Institutions, John Sevier Building, Fourth Floor, 500 Charlotte Avenue, Nashville, Tennessee 37219, (615) 741-2236.



Jeff H. Dyer
Commissioner

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 37219-5384, 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) persons who will be affected by the rule, or an association of twenty-five (25) or more members, or any standing committee of the general assembly.

AMENDMENTS

Rule 0180-13-.03 AGREEMENT AND PRIOR APPROVAL REQUIRED is amended by adding the following new paragraph (5), so that as amended the rule shall read as follows:

(5) At the time the electronic data processing servicer enters into such a written agreement with the financial institution, the electronic data processing servicer shall also be required to provide information to the Department concerning its current status. The Commissioner may require, among other things, that the following information be provided to the Department:

- (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.

This required information shall be supplied annually to the Department of Financial Institutions and the serviced financial institutions by the servicer within 90 days of the end of the servicer's fiscal year. The contents of this statement shall be based on the servicer's fiscal year-end statement.

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:

Kathryn R. Edge
Kathryn R. Edge
Assistant Commissioner
and Legal Counsel

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 14th day of June, 1989.

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.

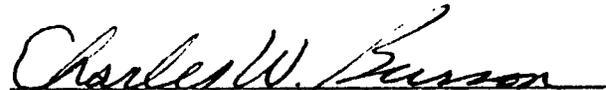
Jeff A. Byer
Jeff A. Byer
Commissioner of Financial
Institutions

Subscribed and sworn to before me this the 14th day of June, 1989.

Alma C. Smith
Alma C. Smith
Notary Public

My commission expires on the 10th day of November, 1991.

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 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 24th day of November, 1981.


Gentry Crowell
Secretary of State
by: 