SmartSuite

Framework / Financial Services Regulation / Other

Interagency Guidance on Third-Party Relationships: Risk Management (Board, FDIC, OCC, June 2023)

The 2023 Interagency Guidance from the Federal Reserve Board, FDIC, and OCC sets sound risk management principles for banking organizations across the third-party relationship life cycle.

What it is

The Interagency Guidance on Third-Party Relationships: Risk Management is the joint supervisory guidance of the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency on managing the risks of third-party relationships. It sets out sound risk management principles for banking organizations to consider when developing and implementing risk management practices for all stages in the life cycle of third-party relationships, organized around planning, due diligence and third-party selection, contract negotiation, ongoing monitoring, and termination, together with governance expectations for oversight and accountability, independent reviews, and documentation and reporting.

The three agencies issued the final guidance on June 6, 2023, and it was published in the Federal Register on June 9, 2023 (88 FR 37920). It applies to all banking organizations the agencies supervise and replaced each agency's earlier guidance: the Federal Reserve's SR letter 13-19 / CA letter 13-21, the FDIC's FIL-44-2008, and OCC Bulletins 2013-29 and 2020-10. As supervisory guidance it does not have the force and effect of law and does not impose new requirements, but examiners use it to assess whether a banking organization's practices are commensurate with the level of risk and complexity of its third-party relationships.

At a glance

PUBLISHER Federal Reserve Board, FDIC, and OCC	TYPE Guidance	VERSION Final guidance, June 2023 (88 FR 37920)
EFFECTIVE June 6, 2023	DOMAIN Financial Services Regulation	FAMILY Other
REGION United States	INDUSTRY Financial Services	ADOPTION MODEL Regulatory Compliance
IMPLEMENTATION COMPLEXITY High		

Source: https://www.federalreserve.gov/supervisionreg/srletters/SR2304.htm

Why it matters

- **One standard across three regulators** The guidance promotes consistency in the agencies' supervisory approach, so a banking organization supervised by more than one agency builds one program rather than three.
- **A life cycle to organize the program** Planning, due diligence and selection, contract negotiation, ongoing monitoring, and termination give third-party risk management a structure that maps directly to policies, workflows, and evidence.

How SmartSuite supports Interagency TPRM Guidance (2023)

Third-Party Inventory and Risk Tiering
Hold every business arrangement with its inherent and residual risk rating, critical-activity flag, and business owner in one inventory.

Ownership, Cadence, and Accountability
Assign relationship owners, set due diligence and monitoring cycles by risk tier, and route approvals to management and the board.

Evidence Collection and Audit Trail
Attach due diligence reports, SOC reports, financial statements, and contract terms to each relationship with timestamps and reviewers.

Due Diligence and Ongoing Monitoring
Run risk-scaled assessments at selection and on schedule, and track performance issues, incidents, and remediation.

Contract and Termination Management
Record negotiated terms, audit and termination rights, and subcontracting conditions, and manage exit plans to completion.

Board and Examiner Reporting
Report third-party risk posture, critical relationships, open issues, and independent review results for the board and supervisory reviews.

Common framework mappings

- FFIEC IT Handbook
- OCC CSWP
- GLBA Safeguards Rule (16 CFR Part 314)
- NIST SP 800-161 Rev.1
- ISO/IEC 27036
- NIST CSF 2.0
- SOC 2
- SIG v2024
- EU DORA
- EBA GL/2019/02
- BCBS Operational Resilience Principles

Official resources

Federal Reserve SR 23-4
The Federal Reserve's supervisory letter transmitting the guidance, with the attached text and the guidance it supersedes.

federalreserve.gov/supervisionreg/srletters/SR2304.htm

OCC Bulletin 2023-17
The OCC's bulletin on the guidance, its applicability, highlights, and the OCC bulletins it rescinds.

occ.gov/news-issuances/bulletins/2023/bulletin-2023-17.html

FDIC FIL-29-2023
The FDIC's financial institution letter on the guidance and the FDIC guidance it replaces.

fdic.gov/news/financial-institution-letters/2023/fil23029.html

Federal Register notice (88 FR 37920)
The full text of the final guidance as published in the Federal Register on June 9, 2023.

govinfo.gov/content/pkg/FR-2023-06-09/pdf/2023-12340.pdf

Frequently asked questions

What is the Interagency Guidance on Third-Party Relationships?
It is the joint guidance of the Federal Reserve Board, FDIC, and OCC, issued June 6, 2023, on managing the risks of third-party relationships. It sets sound risk management principles for every stage of the relationship life cycle and the governance that surrounds it.

Which organizations does the guidance apply to?
It applies to all banking organizations supervised by the three agencies and to any business arrangement they have with another entity, by contract or otherwise. It does not address direct customer relationships for traditional banking products.

What are the stages of the third-party risk management life cycle?
Planning, due diligence and third-party selection, contract negotiation, ongoing monitoring, and termination, supported by governance through oversight and accountability, independent reviews, and documentation and reporting.

What guidance did it replace?

It replaced the Federal Reserve's SR letter 13-19 / CA letter 13-21, the FDIC's FIL-44-2008, and OCC Bulletins 2013-29 and 2020-10, giving the three agencies one common document.

Is the guidance legally binding?

No. As supervisory guidance it does not have the force and effect of law and does not impose new requirements on banking organizations, but examiners use it to evaluate whether third-party risk management is commensurate with the organization's risk and complexity.

What are critical activities?

Activities that could cause a banking organization to face significant risk if the third party fails to meet expectations, that could have significant customer impacts, or that could have a significant impact on the organization's financial condition or operations. Relationships supporting them warrant more comprehensive oversight.

How does SmartSuite support the guidance?

SmartSuite holds the third-party inventory with risk ratings and critical-activity flags and runs planning, due diligence, contracting, monitoring, and termination as one workflow per relationship, with evidence, issues, and board and examiner reporting in the same system.

License included / downloadable: Yes The guidance is a U.S. government publication available free of charge from the three agencies and the Federal Register, and its life cycle structure is included with the platform.

Full framework page and mappings: smartsuite.com/frameworks/us-interagency-guidance-on-third-party-relationships-risk-management-2023