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THE REGULATORY FUNDAMENTALS GROUP LLC



Outsourcing in Financial Services *The Regulatory Landscape*

October 19, 2010

Relevant Laws:

- 12 USC 1464 (d) (7), Home Owners' Loan Act *available at:* <http://files.ots.treas.gov/73183.pdf> (Thrifts)
- 12 USC 1867 (c) (11), Bank Service Company Act *available at:* http://www.ffiec.gov/ffiecinfobase/resources/outsourcing/con-12usc1867_bank_service_company_act.pdf (Banks)
- 15 USC 6801, Gramm-Leach-Bliley Act *available at:* http://www.ffiec.gov/ffiecinfobase/resources/outsourcing/con-15usc_680-gramm_leach_bliley_act.pdf
- Pub. L. No. 107-56, USA PATRIOT Act *available at:* http://www.ffiec.gov/ffiecinfobase/resources/outsourcing/con-pub_law_107-56_patriot_act.pdf

Regulatory Guidance:*Federal Reserve Board:*

- BANK HOLDING COMPANY SUPERVISION MANUAL (July 2008), Section 2060.05: *Policy Statement on the Internal Audit Function and Its Outsourcing (Management Information Systems)* *available at:* <http://www.federalreserve.gov/boarddocs/supmanual/bhc/bhc.pdf>
- SR 00-4 (SUP), *Outsourcing of Information and Transaction Processing* (February 29, 2000) *available at:* http://www.ffiec.gov/ffiecinfobase/resources/outsourcing/frb-sr-00-4-outsourc_info_transaction_process.pdf

Regulatory Guidance (cont.):*Federal Financial Institutions Examination Council:*

- IT EXAMINATION HANDBOOK: OUTSOURCING TECHNOLOGY SERVICES (June 2004) available at: http://www.ffiec.gov/ffiecinfobase/booklets/outsourcing/Outsourcing_Booklet.pdf
- IT EXAMINATION HANDBOOK: BUSINESS CONTINUITY PLANNING (March 2008), esp. p. 12, Appendix A, E, available at: http://www.ffiec.gov/ffiecinfobase/booklets/bcp/bus_continuity_plan.pdf
- IT EXAMINATION HANDBOOK: AUDIT (August 2003), esp. pg. 20, available at: <http://www.ffiec.gov/ffiecinfobase/booklets/audit/audit.pdf>

Federal Deposit Insurance Corporation:

- FIL-49-99: Bank Service Company Act (June 3, 1999) available at: http://www.ffiec.gov/ffiecinfobase/resources/outsourcing/fdi-fil-49-99_bank_serv_comp_act.pdf
- FIL-50-2001: Bank Technology Bulletin: Technology Outsourcing Information Documents (June 4, 2001), esp. attachments *Effective Practices for Selecting a Service Provider*, *Tools to Manage Technology Provider's Performance Risk: Service Level Agreements*, and *Techniques for Managing Multiple Service Providers*, available at: http://www.ffiec.gov/ffiecinfobase/resources/outsourcing/fdi-fil-50-2001_3_docs.pdf

Regulatory Guidance (cont.):*Office of the Comptroller of the Currency:*

- OCC Bulletin OCC 2002-16, *Bank Use of Foreign-Based Third-Party Service Providers* (May 15, 2002) available at: http://www.ffiec.gov/ffiecinfobase/resources/outsourcing/occ-bl2002-16-bk_use_foreign_3-party_providers.pdf
- OCC Bulletin 2001-47, *Third-Party Relationships, Risk Management Principles* available at: http://www.ffiec.gov/ffiecinfobase/resources/outsourcing/occ-bul_2001_47_third_party_relationships.pdf

Office of Thrift Supervision

- 12 CFR Part 570, Appendix B: Interagency Guidelines Establishing Standards for Safeguarding Customer Information available at: http://www.ffiec.gov/ffiecinfobase/resources/outsourcing/ots_12_cfr_570_appx_b_stand_safety_soundness.pdf
- Thrift Bulletin 82: Third Party Arrangements (March 18, 2003) available at: http://www.ffiec.gov/ffiecinfobase/resources/outsourcing/ots-tb_82_3rd_party_arrang.pdf
- CEO Letter 113: Internal Controls (July 14, 1999) available at: http://www.ffiec.gov/ffiecinfobase/resources/outsourcing/ots-ceo_ltr_113-internal_controls.pdf
- Thrift Activities Handbook: Section 340, Internal Control available at: http://www.ffiec.gov/ffiecinfobase/resources/outsourcing/ots-activities_handbook_Sec_340.pdf
- Thrift Activities Handbook: Section 341, Technology Risk Controls available at: http://www.ffiec.gov/ffiecinfobase/resources/outsourcing/ots-handbook_341.pdf

Regulatory Guidance (cont.):

Financial Industry Regulatory Authority (FINRA):

- NASD Notice to Members 05-48, *Members' Responsibilities When Outsourcing Activities to Third-Party Service Providers* (July 2005) available at: <http://www.finra.org/Industry/Regulation/Notices/2005/P014736>
- Regulatory Notice 10-25, *Registration and Qualification Requirements for Certain Operations Personnel* available at: <http://www.finra.org/Industry/Regulation/Notices/2010/P121529>

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