VELOXVFX LLC, EYAD HADDADIN

Proposal and Comment Information

Title: Proposed Third-Party Risk Management Guide for Traditional Community Banking Organizations, OP-1880

Comment ID: FR-2026-0030-01-C04

Submitter Information

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Organization Type: Company

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VeloxVFX LLC respectfully submits the attached public comment concerning Docket No. OP-1880, Proposed Third-Party Risk Management Guide for Traditional Community Banking Organizations.

The attached comment offers an independent, technology-neutral architecture and information-governance perspective focused on proportional third-party risk management, community-bank operational clarity, relationship-state visibility, provider dependency, deposit-placement networks, and preservation of institutional responsibility.

VeloxVFX does not propose that technology replace institutional judgment, risk acceptance, compliance responsibility, or Federal Reserve supervisory authority.

Thank you for the opportunity to provide comment.

Respectfully,
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VELOXVFX LLC

Comment on Proposed Third-Party Risk Management Guide for Traditional Community Banking Organizations

Docket No. OP-1880 | 91 Fed. Reg. 58438 | Federal Reserve System

Independent, technology-neutral architecture contribution

Date: September 15, 2026
Comments due: November 16, 2026
Submitted by: Eyad G. Haddadin | Managing Member | VeloxVFX LLC | https://www.veloxvfx.com

Controlling boundary. VeloxVFX LLC offers this comment as an independent architecture and information-governance contribution. It does not propose that technology displace a banking organization, its board or management, or the Federal Reserve's supervisory judgment. Information may interoperate; responsibility remains attributable; authority remains where law places it.

Basis of contribution. VeloxVFX does not represent that these recommendations are based on operating a banking organization, conducting supervisory examinations, or currently serving as a contracted core service provider. The observations below address information structure, lifecycle readability, responsibility attribution, and practical reviewability.

Executive Summary

VeloxVFX supports the Board's effort to give traditional community banking organizations (TCBOs) a practical, non-binding resource for managing third-party risk. The guide is most useful when it helps smaller institutions operationalize sound risk management without turning illustrative practices into de facto supervisory checklists.

- Retain the proposed focus on operational resilience, system and information security, compliance with rules and regulations, and financial resilience, while making material changes and responsibility boundaries easier to reconstruct over time.
- Use the $30 billion threshold as a practical scope marker for the guide, while making clear that asset size does not itself determine the complexity or risk of a third-party relationship.
- Preserve examples as illustrative and nonexclusive so a TCBO can demonstrate reasonable risk management through existing systems and practices rather than a prescribed documentation format.
- Add deposit placement networks as an additional vendor category, with clear distinctions among qualification, placement, receipt, holding, reporting, exception, correction, and requalification states.
- Provide practical contract-negotiation support that recognizes limited bargaining leverage and helps banks preserve accepted gaps, compensating controls, residual risk, and transition options without prescribing mandatory clauses.
- Emphasize that technology may strengthen institutional visibility and continuity without becoming the risk acceptor, compliance decision-maker, provider approver, or supervisor.

I. Tailoring the Guide to Organizations Below $30 Billion

Tailoring is appropriate because smaller institutions often have fewer internal legal, engineering, cybersecurity, procurement, and vendor-management resources while still relying on core, payment, cybersecurity, fraud, BSA/AML, and digital-banking providers. The proposed guide can therefore add value by translating principles into practical risk-management considerations.

The $30 billion threshold is useful as an administrative scope marker, but the final guide should avoid implying that institutions below the threshold have uniformly simple third-party profiles. A TCBO's actual risk depends on the nature of the service, access, dependency, substitutability, concentration, materiality, and change over time. Conversely, a relationship should not be treated as high risk merely because a particular technology or provider category is involved.

II. Clarifying the Characteristics of a TCBO

The Board could further clarify that the guide is intended for organizations whose business models, customer delivery channels, and third-party relationship profiles remain generally consistent with traditional community banking. Examples could be framed as illustrative profiles rather than eligibility tests.

The final guide should also make clear that a bank may use the guide as a reference even when a particular relationship is more complex than the bank's overall business model, while recognizing that complex bank-fintech arrangements may require additional analysis beyond the guide. This preserves usefulness without expanding the guide into a substitute for the broader all-bank guidance.

III. Usefulness and Calibration: Practical Without Becoming Prescriptive

The proposed guide is useful because it organizes recurring third-party risks into recognizable categories. Its utility can be strengthened by consistently distinguishing examples, considerations, and possible practices from required artifacts or mandatory steps.

For material relationships, a TCBO may benefit from being able to reconstruct a small set of facts: what service exists; what systems, information, or functions are involved; what dependency exists; what evidence supported the current assessment; what materially changed; what exception or remediation remains open; who made the relevant institutional decision; and how the relationship can be transitioned or exited.

Those facts need not be captured in one mandated form. Existing systems, board materials, contracts, due-diligence files, incident records, reconciliation processes, audit reports, and vendor-management tools may collectively preserve the necessary record. The final guide should expressly avoid creating an expectation that every TCBO maintain identical documents, lifecycle labels, or technology.

IV. Overarching Risk Management Considerations

The four proposed overarching considerations are well chosen: operational resilience, system and information security, compliance with rules and regulations, and financial resilience. VeloxVFX recommends one cross-cutting clarification: material risk should remain readable as it changes over time.

A relationship may move from due diligence to contracting, activation, system or data access, monitoring, material change, exception, remediation, transition, and termination. These are not proposed mandatory stages. They are observable relationship states that can help a TCBO understand whether the risk being managed today is the same as the risk originally assessed.

Proportionality should not be understood to require waiting for an emerging issue to become materially realized before the institution can identify, preserve, or address it. At the same time, preserving readable relationship state should not alter the Board's independent supervisory judgment.

V. Vendor Categories

The eight proposed vendor categories are useful and reflect relationships commonly encountered by community banks. The final guide could note that some providers perform more than one function and that the relevant risk analysis should follow the actual services, access, dependencies, and responsibilities rather than the provider's label alone.

If the Board determines that an additional category is warranted, deposit placement networks are the strongest candidate because they can combine operational, liquidity, data, reporting, reconciliation, and third-party-dependency considerations that are not fully captured by a generic provider label.

VI. Contract Negotiation Support

The guide appropriately recognizes that TCBOs may have limited negotiating leverage. The most useful additional support would be a non-mandatory issue matrix rather than a model contract. For a material relationship, the matrix could help a TCBO identify:

- the desired contractual protection or information right;
- the term actually obtained;
- any material gap or limitation;
- any compensating control or monitoring approach;
- the resulting residual risk and approving authority; and
- transition, data-return, access-removal, and continuing-obligation considerations at exit.

This approach would help distinguish contract state from performance state. A contractual obligation is not completed performance; a service-level target is not verified achievement; and private allocation of responsibility does not by itself transfer the banking organization's legal or regulatory responsibility.

VII. Deposit Placement Networks

VeloxVFX recommends including deposit placement networks as an additional vendor category. The purpose should not be to create a new legal classification or compliance determination. Rather, the guide can help TCBOs understand operational dependencies and preserve the distinctions that matter to their own review.

Depending on the arrangement, a TCBO may benefit from keeping the following states distinguishable: qualification; placement instruction; transmission; receipt; holding; reporting; reconciliation; exception; correction; withdrawal or transfer; and requalification. Treating these as separate facts can make it easier to identify where an operational issue occurred without treating the network provider as the institution responsible for the bank's regulatory determination.

Additional risk considerations may include concentration and substitutability; operational resilience; data accuracy and reconciliation; service interruption; timing mismatches; contractual access to information; incident and error notification; transition capability; and clarity regarding which party performs each operational function. Any legal, accounting, liquidity, deposit-insurance, or regulatory characterization should remain with the institution and other legally authorized actors.

VIII. Technology-Assisted Oversight Without Transferred Authority

The proposed guide recognizes that smaller institutions may rely on third parties and external assessments to obtain expertise they do not maintain internally. Technology can similarly assist a TCBO by organizing evidence, representing relationship states, maintaining exception visibility, preserving material changes, and coordinating information across institution-controlled functions.

Such support should not be treated as independently accepting the bank's risk, making a compliance determination, approving a provider, deciding whether a relationship is acceptable, or displacing management,

board, or supervisory responsibility. Technology may strengthen institutional control without becoming institutional authority.

IX. Core Providers, Integrations, and Transition Readiness

The proposed discussion of core providers and integrations is particularly useful. A TCBO may depend on a core provider while still benefiting from a bank-controlled record of the services used, material integrations, dependencies, significant changes, unresolved exceptions, performance evidence, remediation, and transition requirements.

Provider dependence does not have to mean information dependence. A TCBO may rely operationally on a provider while preserving enough relationship history to understand what changed, what evidence was available, what fallback or recovery action occurred, and what responsibilities remained with the bank.

X. Docket Separation

This comment is limited to Docket No. OP-1880. It does not incorporate any prior VeloxVFX submission by reference and does not suggest that the Board has adopted, relied upon, coordinated with, or otherwise used VeloxVFX materials. Any correspondence between this comment and public supervisory themes is independent subject-matter correspondence only.

Conclusion

The proposed Community Bank Guide can be most useful when it gives TCBOs practical ways to understand and manage real third-party relationships without becoming a de facto checklist. The Board should preserve flexibility, recognize limited negotiating leverage, support practical transition and exit planning, and make clear that risk management can remain proportionate while still preserving material changes, exceptions, evidence, and responsibility over time.

A community bank should be able to use third-party technology, core providers, payment services, cybersecurity tools, fraud platforms, BSA/AML systems, and deposit networks while maintaining a readable institutional record of what the provider performed, what changed, what evidence supported the bank's assessment, what risk the bank accepted, and where responsibility remained.

Information may move. State can remain readable. Responsibility remains attributable. Authority remains where law places it.

Respectfully submitted,

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Primary Source Reviewed

Board of Governors of the Federal Reserve System, Proposed Third-Party Risk Management Guide for Traditional Community Banking Organizations, Docket No. OP-1880, 91 Fed. Reg. 58438-58446 (Sept. 15, 2026), FR Doc. 2026-18852. Comments due November 16, 2026.