

PERSISTENCE ANALYTICS GROUP LLC, NEIL OSNATO

Proposal and Comment Information

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

Comment ID: FR-2026-0030-01-C12

Submitter Information

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Organization Type: Company

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Re: Proposed Third-Party Risk Management Guide for Traditional Community Banking Organizations
[OP-1880]

Persistence Analytics Group LLC (“PAG”) appreciates the opportunity to comment. PAG develops written Decision Assurance analyses for decisions that depend on forecasts, models, representations, test results, and external dependencies. PAG’s concern here is not to advocate a particular policy outcome. It is to improve the evidentiary record supporting reliance: what proposition is being relied upon, what assumptions connect the available evidence to that proposition, what dependencies must remain true, who owns the downside if they fail, and what material change should require revalidation.

PAG’s working architecture is:

Representation → Assumption → Evidence → Dependency → Downside Ownership → Decision Gate
→ Material Change → Revalidation

PAG does not propose that the agency adopt PAG’s proprietary scoring, weighting, thresholds, durability analytics, or determination logic. The recommendation is narrower: preserve an administrable record of the evidence, dependencies, decision conditions, and revalidation triggers that support material reliance decisions.

PAG supports proportionality for traditional community banks. The objective should not be to convert every vendor relationship into a large documentation exercise. The highest value comes from identifying the small subset of third-party dependencies that can materially affect a bank’s operations, compliance, customers, financial condition, or ability to execute a critical process.

PAG recommends a lightweight “Material Dependency Register” for higher-risk third-party relationships. The register could build on existing vendor-management records and identify:

- the critical service or proposition for which the bank relies on the third party;
- the material assumptions supporting that reliance;
- the evidence supporting those assumptions;
- material subcontractor, data, technology, infrastructure, concentration, financial, and regulatory dependencies;
- the bank’s fallback or downside ownership if the service fails; and
- event triggers requiring targeted revalidation.

This structure can reduce burden because it allows stable, low-risk relationships to remain proportionate while directing attention to dependencies that can materially change the bank’s risk position.

Examples of revalidation triggers could include a material subcontractor change, ownership or control change, new concentration exposure, deterioration in financial condition, a significant cyber incident, material service degradation, migration to a new technology architecture, a change in critical data sources, or a regulatory-status change affecting the service.

The guide should also distinguish contractual protection from evidence of suitability. Indemnities, service credits, insurance, and termination rights are useful tools for allocating downside. They do not establish that the assumptions supporting reliance on the provider remain valid.

PAG therefore recommends language encouraging banks to ask two separate questions:

1. If the third party fails, how is downside allocated or mitigated?

2. Before relying on the third party, what evidence supports the assumption that the service can perform the critical function under the conditions contemplated?

The first is a financial or contractual assurance question. The second is an evidence-for-reliance question.

A proportional Material Dependency Register would make that distinction administrable without imposing a complex proprietary model or universal scoring framework on community banks.

Respectfully submitted,

Neil P. Osnato

Founder

Persistence Analytics Group LLC

Decision Assurance™ | Infrastructure Assumption Verification™

Evidence before reliance. Revalidation after material change.

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