SOLUTIONS BY JEWEL, JEWEL DARLINGTON

Proposal and Comment Information

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

Comment ID: FR-2026-0030-01-C20

Submitter Information

Organization Name: Solutions by Jewel

Organization Type: Organization

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Please find attached the public comment submitted by Solutions by Jewel (SBJ), a global AI governance firm, regarding the Federal Reserve's Proposed Third-Party Risk Management Guide for Traditional Community Banking Organizations (Docket No. OP-1880).

Submission Details:
- Proceeding / Docket: Docket No. OP-1880
- Submitting Organization: Solutions by Jewel (SBJ)
- Submitter: Jewel Darlington, Chief AI Governance Officer & Founder
- Contact Email: governance@solutionsbyjewel.com
- Main Focus Areas: Direct customer-facing fintech vs. back-office vendor proportionality, spatial intelligence and server jurisdiction mapping for cloud resilience, fourth-party API aggregator oversight, evidence sufficiency, and traceable decision records.

Our submission provides technical governance recommendations grounded in established federal regulatory filings (including U.S. CFTC submissions analyzed by CCIR) and international third-party assurance frameworks.

Sincerely,

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Comments on the Proposed Third-Party Risk Management Guide for Traditional Community Banking Organizations (Docket No. OP-1880)

Submitted to the Board of Governors of the Federal Reserve System

Submitted by: Jewel Darlington, Chief AI Governance Officer & Founder
Organization: Solutions by Jewel (SBJ)
Contact: governance@solutionsbyjewel.com | https://solutionsbyjewel.com

1. Executive Summary

1.1. Solutions by Jewel (SBJ) submits these comments regarding the Federal Reserve's Proposed Third-Party Risk Management Guide for Traditional Community Banking Organizations (Docket No. OP-1880). Solutions by Jewel is a global AI governance firm providing technical risk frameworks, authority bounds, evidence sufficiency, and operational infrastructure governance standards.

1.2. Third-party and vendor relationships—particularly algorithmic core processors, cloud hosts, and consumer-facing fintech integrations—introduce critical operational, cyber security, and financial resilience vectors that require proportional, risk-based oversight. For community banking organizations, guidance must provide clear, non-punitive frameworks that scale oversight to actual operational exposure without imposing disproportionate administrative burdens.

1.3. This submission sets forth four structural recommendations to enhance the Federal Reserve's proposed community bank guidance:

(a) Proportional risk-weighting and streamlined vendor inventory tiering distinguishing direct customer-facing fintech partnerships from back-office data processing;

(b) Spatial intelligence, 3D digital telemetry, and server jurisdiction mapping for third-party physical cloud data center resilience and data sovereignty;

(c) Enforceable fourth-party API aggregator oversight and evidence sufficiency standards for third-party assurance; and

(d) Traceable decision logging and operational boundary verification via SBJ Decision Record templates.

2. Proportional Risk Management & Operational Scale

2.1. Traditional community banking organizations rely extensively on third-party service providers for core data processing, loan underwriting models, and digital banking applications. The proposed guide correctly emphasizes a flexible, principles-based approach tailored to the size and risk profile of community institutions.

2.2. To prevent ineffective check-the-box compliance, the final guide should explicitly clarify that community banks may tier their vendor inventories. Oversight frameworks must differentiate between direct consumer-facing fintech partners and background software

providers, focusing rigorous due diligence and continuous monitoring strictly on critical activities and high-risk core processors rather than low-risk administrative vendors.

3. Spatial Intelligence & Cloud Infrastructure Resilience

3.1. As community banking organizations transition core IT infrastructure and digital banking applications to third-party cloud service providers and external data centers, physical and logical operational resilience becomes paramount. Effective third-party risk management must evaluate physical infrastructure resilience, environmental risk exposures, and data sovereignty boundaries.

3.2. Integrating spatial intelligence—the analysis of 3D spatial geometry, regional power grids, and physical facility topography—allows institutions to verify third-party cloud data center redundancy, geographic failover separation, and jurisdictional server residency. Vendors must demonstrate multi-site logical and physical separation backed by real-time infrastructure telemetry.

4. Subcontractor Oversight & Fourth-Party API Governance

4.1. Third-party vendors frequently rely on fourth-party subcontractors and API aggregators for specialized software development, cloud hosting, and open banking integrations. Unmonitored subcontractor and middleware dependencies introduce hidden vectors for cyber security breaches, data leakage, and operational failure.

4.2. As demonstrated in global AI privacy and derivatives market governance standards—including evidence sufficiency and third-party assurance frameworks established in SBJ's regulatory submissions to the U.S. Commodity Futures Trading Commission (CFTC) and international AI privacy consultations—community banks must require major third-party providers to maintain verifiable evidence standards for material subcontractors and API partners, providing transparent notification protocols and independent audit reports prior to delegating core banking or customer-facing functions.

5. Traceable Governance & Decision Records

5.1. Documenting residual risk acceptance and maintaining clear board-level governance oversight ensures accountability across the third-party life cycle. SBJ's Decision Record V2.0 and Executive AI Governance Decision Matrix provide standard operational templates for recording vendor risk tolerances, execution bounds, and termination protocols.

5.2. Solutions by Jewel, Architecture V1.0 / V2.0, Executive AI Governance Decision Matrix, and Decision Record V2.0. Available at: https://solutionsbyjewel.com