

CHATFUSE LLC, NICO COETZEE

Proposal and Comment Information

Title: Proposed Third-Party Risk Management Guidance, OP-1881

Comment ID: FR-2026-0031-01-C11

Subject

Docket No. OP-1881; RIN 3064-ZA58; Third-Party Risk Management Guidance

Submitter Information

Organization Name: ChatFuse LLC

Organization Type: Company

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Submitted Date: 10/01/2026

To the Board and the FDIC,

ChatFuse LLC respectfully submits the attached comments regarding the proposed interagency Third Party Risk Management Guidance (Federal Reserve Docket No. OP-1881; FDIC RIN 3064-ZA58).

The principal recommendation concerns AI enabled services: in these cases, a financial institution's determination of risk level could reasonably depend on the manner in which AI output is applied. Relevant factors would include whether the results are provided directly to customers or influence determinations related to them, whether a staff member examines the output prior to its use, and whether the institution retains access to records of the AI system's outputs. Furthermore, it is recommended that entities responsible for developing AI models be explicitly referenced in the section addressing subcontractors, and that ongoing monitoring of model modifications be covered only for higher risk relationships.

The comments may be made available to the public.

Respectfully,

Nico Coetzee
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Comments on Proposed Third-Party Risk Management Guidance
Federal Reserve Docket No. OP-1881; FDIC RIN 3064-ZA58

Submitted to	Board of Governors of the Federal Reserve System (publiccomments@frb.gov) and FDIC (comments@fdic.gov); interagency proposal with the OCC and NCUA
Commenter	ChatFuse LLC, San Diego, California (company comment)
Contact	Nico Coetzee, Founder and CEO, nico@chatfuse.ai, 949-232-0220
Date	1 October 2026

About the commenter

ChatFuse LLC is an AI company located in San Diego. ChatFuse is an organization of specialized AI agents, each responsible for a different function (engineering, solutions architecture, QA, research and client communications), led by founder and CEO Nico Coetzee. The platform distributes tasks to over 100 AI models, which originate from multiple developers. At present, ChatFuse does not offer services to banking institutions. We support the agencies' shift away from a checklist based interpretation of the 2023 Guidance, in favor of a focus on risk recognition and evaluation, and we offer one practical recommendation regarding the application of this risk-based approach to artificial intelligence services, which are increasingly sourced by banks from both new entrants and established vendors.

Risk level should follow how the AI output is used

For services involving artificial intelligence, the identical software product may present varying levels of risk depending upon its application within the financial institution. For example, when a system is employed solely to generate internal summaries that are subsequently reviewed by an employee prior to any use, the potential for risk remains limited. In contrast, if that same system provides responses directly to customers or is used to evaluate transactions for indications of suspicious activity, the associated risk increases significantly. The proposed guidance could acknowledge that, in the context of AI enabled services, a banking organization's determination of risk level may reasonably depend on three considerations: whether the system's outputs are delivered to customers or influence decisions regarding them; whether a suitably qualified employee examines the outputs before they are acted upon; and whether the institution maintains access to records reflecting the outputs generated by the AI. This approach would permit banking organizations to apply less intensive oversight to applications assessed as low risk, while directing greater scrutiny and resources to situations in which an AI error could result in substantial harm, consistent with the prioritization outlined in the proposal.

Model developers as subcontractors

The majority of artificial intelligence services rely on a limited set of foundational model developers, who effectively act as subcontractors to a bank's direct third party service providers. If the proposed guidance addressed this scenario explicitly, it would clarify that the current discussion of subcontractors encompasses such arrangements. Two recommendations may assist banks in managing these relationships: first, banks would benefit from identifying which model developers have access to or process their data; second, banks would benefit from understanding whether the third party is capable of maintaining service continuity should a model developer either cease operations or alter contractual terms. Since many service providers depend on an overlapping group of model developers, this issue also relates to concentration risk at an industry level.

Model changes over time

A model that underlies a service may be altered or substituted without the bank's awareness, which may result in identical inputs producing different outputs. For those relationships that the bank determines present higher risk, ongoing monitoring could include receiving notification of significant changes to the model as well as access to records of usage and outputs. For uses assessed as lower risk, the bank's current monitoring practices may suffice.

Innovation

We agree with the agencies on the importance of not deterring relationships with newer service providers through the guidance. Risk assessments connected to the manner in which an output is employed, rather than to the provider's recent market entry or the involvement of artificial intelligence per se, would permit banking organizations to implement valuable AI offerings without automatically categorizing each as a critical arrangement.

Contact

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Respectfully submitted,



Nico Coetzee, Founder and CEO, ChatFuse LLC, 1 October 2026