

PERSISTENCE ANALYTICS GROUP LLC, NEIL OSNATO

Proposal and Comment Information

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

Comment ID: FR-2026-0031-01-C13

Submitter Information

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Organization Type: Company

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Re: Proposed Third-Party Risk Management Guidance [OP-1881]

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 risk-based tailoring. One area where the proposed guidance can be strengthened is the transition from initial risk classification to continuing reliance.

A relationship classified correctly at onboarding can become materially different without the contract itself changing. Risk tiering therefore should not be treated as a permanent attribute of the vendor or relationship.

PAG recommends a “Third-Party Reliance Record” for material relationships. The record would connect: representation → assumptions → evidence → dependencies → downside ownership → decision → material-change trigger → revalidation.

The record should identify the specific service or proposition on which the banking organization relies, the evidence used to support that reliance, and dependencies that could make the evidence stale. Material dependencies can include subcontractors and fourth parties; data sources; model providers; cloud, network, and software architecture; concentration; key personnel; financial condition; regulatory status; and operational or geographic dependencies.

The guidance should encourage explicit event-triggered revalidation where a material dependency changes. Examples include:

- replacement or addition of a material subcontractor;
- a material ownership or control change;
- migration to a new model, platform, cloud environment, or data source;
- a significant cyber or resilience event;
- material deterioration in financial condition;
- a change in regulatory status or legal authority;
- significant SLA degradation;
- a material increase in concentration; or
- a change in the scope of the critical service.

Periodic review remains important, but periodic review should be the backstop, not the only revalidation mechanism.

PAG also recommends a clear distinction between downside allocation and evidence sufficiency. Contractual indemnity, insurance, termination rights, or service credits allocate some consequences of failure. They do not establish that reliance was sufficiently justified in the first place.

The practical value of this distinction is that institutions can direct diligence to the proposition that matters: “what must remain true for this third party to support the function we are relying upon?” Once those conditions are visible, both monitoring and revalidation can become more targeted and less checklist-driven.

Respectfully submitted,

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Founder

Persistence Analytics Group LLC

Decision Assurance™ | Infrastructure Assumption Verification™

Evidence before reliance. Revalidation after material change.

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