



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

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DIVISION OF BANKING
SUPERVISION AND REGULATION

SR 12-14

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**TO THE OFFICER IN CHARGE OF SUPERVISION AND APPROPRIATE
SUPERVISORY AND EXAMINATION STAFF AT EACH
FEDERAL RESERVE BANK, AND TO BANKING
ORGANIZATIONS SUPERVISED BY THE FEDERAL RESERVE**

SUBJECT: Revised Guidance on Supervision of Technology Service Providers

Applicability to Community Banking Organizations: This guidance is primarily applicable to field examiners and supervisory staff with responsibility for the review of technology service providers. Nevertheless, banking organizations with \$10 billion or less in consolidated assets that have relationships with technology service providers may find the guidance useful.

The Federal Financial Institutions Examination Council (FFIEC) is issuing an updated “Supervision of Technology Service Providers Booklet” (TSP Booklet) that provides guidance to examiners, financial institutions, and technology service providers on the supervision of technology service providers. The revised TSP Booklet is part of the *FFIEC Information Technology Examination Handbook* (IT Handbook). Concurrently, the Federal Reserve Board, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency (collectively, the agencies) are issuing related “Administrative Guidelines - Implementation of Interagency Programs for the Supervision of Technology Service Providers” (Guidelines).¹

Electronic versions of the TSP Booklet, the Guidelines, and the other IT Handbook booklets, are available on the FFIEC IT Examination Handbook InfoBase (<http://ithandbook.ffiec.gov/>). More specifically, the Guidelines are available in the Reference Materials page on the FFIEC IT Examination Handbook InfoBase.

The TSP Booklet addresses the agencies’ statutory authority to supervise third-party servicers that enter into contractual arrangements with regulated financial institutions. Additionally, the TSP Booklet outlines the agencies’ risk-based supervisory program and

¹ The Guidelines and the corresponding updates to the TSP Booklet rescind FFIEC Supervisory Policy-1, “Interagency EDP Examination, Scheduling, and Distribution Policy” (September 1991), and FFIEC Supervisory Policy-11, “Enhanced Supervision Program (ESP) for Multidistrict Data Processing Servicers (MDPS)” (January 1995). In addition, SR letter 95-7, “Enhanced Supervision Program for Multidistrict Data Processing Servicers,” is being superseded with the issuance of the revised TSP Booklet.

emphasizes that a financial institution's management and board of directors have the ultimate responsibility for ensuring outsourced activities are conducted in a safe and sound manner and in compliance with applicable laws and regulations.

Although closely related to the TSP Booklet, the Guidelines are not part of the IT Handbook. The Guidelines describe the process that the agencies follow to implement the interagency supervisory programs and include the reporting templates examiners use throughout the supervisory cycle. The primary audience for these Guidelines is the agencies' management and field examiners. The agencies will make revisions or additions to the Guidelines on an ongoing basis as necessary.

Reserve Banks are asked to distribute this letter to the Federal Reserve-supervised banking organizations in their Districts, as well as to their supervisory and examination staff. Please direct any questions regarding the revised guidance to Adrienne Haden, Assistant Director, Operations and Information Technology Policy, at (202) 452-2058, or Elton Hill, Senior Supervisory Financial Analyst, Operations and Information Technology Policy, at (202) 452-2514. In addition, questions may be sent via the Board's public website.²

Michael S. Gibson
Director

Supersedes:

- SR letter 95-7, "Enhanced Supervision Program for Multiregional Data Processing Servicers"

² See <http://www.federalreserve.gov/apps/contactus/feedback.aspx>.