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PRESS RELEASES

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Voluntary, industry-led initiative will promote consistent third-party risk evaluations while preserving the responsibilities of banks, service providers, and supervisors

Washington, D.C. — The Federal Deposit Insurance Corporation (FDIC) and the Conference of State Bank Supervisors (CSBS) today announced their support for the Third-Party Assessments and Standards Council (T-PASC), a private-sector non-profit created to develop voluntary consensus standards and impartial conformity assessments for products and services provided to banks.

T-PASC will bring together a diverse coalition of large and small banks, fintech companies, technical experts, and public interest groups to develop common standards for assessing third-party service providers that support effective due diligence and risk management and align with supervisory expectations.

The FDIC and representatives from the state regulatory system will participate as observers to provide regulatory perspective, help identify issues relevant to safety and soundness and consumer protection, and support the development of a credible and useful framework. These observers will not direct T-PASC's standards, conduct T-PASC assessments, certify service providers, or transfer their supervisory responsibilities to the organization.

T-PASC standards and assessments will be voluntary. Banks and third-party service providers will not be required to use them, and use of a T-PASC assessment will not limit the ability of the FDIC, state regulators, or any other government agency to use its supervisory authority.

Banks will continue to be responsible for complying with all applicable statutory, regulatory, and supervisory requirements, including requirements related to third-party risk management. A bank's use of a T-PASC standard or assessment will not replace the bank's responsibility to make appropriate contracting and integration decisions, monitor third-party relationships, and oversee activities conducted through third parties.

"Banks increasingly rely on technology and specialized service providers to deliver products and services to their customers," said FDIC Chairman Travis Hill. "The new standards-setting non-profit has the potential to reduce duplicative, costly due diligence and foster innovation, particularly for community banks."

"Community banks consistently tell us that finding the right technology partners and integrating new tools is costly, time-consuming, and stifles innovation," said CSBS President and CEO Brandon Milhorn. "The T-PASC will address these challenges directly through standards and assessments that help banks manage third-party

integration risks, provide increased transparency for consumers and regulators, and, ultimately, improve safety, soundness, and consumer protection outcomes."

The FDIC and CSBS support T-PASC's objectives while recognizing that the organization's standards and assessments will remain independent of government supervision. T-PASC will establish its own governance and operating processes, subject to applicable law.

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