

August 22, 2023

VIA E-MAIL TO fsb@fsb.org

Financial Stability Board
Centralbahnplatz 2
CH-4002 Basel
Switzerland

Re: Enhancing Third-Party Risk Management and Oversight: A toolkit for financial institutions and financial authorities

Dear Sir/Madam:

Federated Hermes, Inc. and its subsidiaries ("**Federated Hermes**")¹ submit this comment letter Financial Stability Board ("**FSB**") on its consultation, *Enhancing Third-Party Risk Management and Oversight: A toolkit for financial institutions and financial authorities* (the "**Consultation**").²

Historically, Federated Hermes has opposed proposals by regulatory bodies that are unnecessarily prescriptive or are of the "one size fits all" approach. Federated Hermes appreciates the FSB's approach of the use of a "*toolkit*" versus mandating how financial institutions oversee and manage the risks associated with critical third-party service providers.

Federated Hermes supports and agrees with the comments and recommendations contained in the comment letter submitted by the Investment Company Institute and ICI Global (collectively, the "**ICI**") in response to the Consultation. Like the ICI, Federated Hermes kindly requests that that FSB make abundantly clear in any final report that the toolkit is an optional resource that may be referred to by financial institutions when developing, and by financial authorities when supervising, third-party service provider risk management processes, to avoid unintended and burdensome mandates.

Federated Hermes, like other prudent asset managers, already conducts initial due diligence, ongoing monitoring and cyber risk evaluations, business continuity assessments and overall risk assessments on critical service providers. Requiring the toolkit to be used prescriptively, rather than as a reference resource, is unnecessary, duplicative and burdensome.

Federated Hermes appreciates the opportunity to comment on the Consultation. Please let us know if you have any questions or comments on this submission.

Sincerely,



George F. Magera
General Counsel

¹ Federated Hermes, Inc. (NYSE: FHI) is a global leader in active, responsible investment management, with \$704.0 billion in assets under management as of June 30, 2023. We deliver investment solutions that help investors target a broad range of outcomes and provide equity, fixed-income, alternative/private markets, multi-asset and liquidity management strategies to more than 11,000 institutions and intermediaries worldwide. Our clients include corporations, government entities, insurance companies, foundations and endowments, banks and broker-dealers.

² FSB, *Enhancing Third-Party Risk Management and Oversight: A toolkit for financial institutions and financial authorities* (June 2023), available at <https://www.fsb.org/wp-content/uploads/P220623.pdf>.