

PRE-APPROVED FUNCTIONS AND SERVICES FOR THE PURPOSES OF BS11: OUTSOURCING POLICY FOR REGISTERED BANKS

All of the material set out in this document forms part of the requirements referred to in those conditions, except material that is identified as guidance by being included in a shaded box like this.

Prudential Supervision Department
Document for the purposes of BS11

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Australian-Owned Large Banks Proposed Pre-Approved Functions and Services for the purposes of BS11: Outsourcing Policy for Registered Banks

Modifications (in green) and rationale (in blue) to the Pre-Approved Functions and Services below:

~~1. Certain categories of software (as defined below):~~

- ~~a. Proprietary software or software licensed in perpetuity with no termination rights that is hosted on the New Zealand bank's systems, and there is no reliance on a third party for support or maintenance (other than for routine standard support offering from the software vendor);~~

The Large Banks consider this should go back on the White List as these arrangements are not Outsourcing as there is no reliance on a Third Party.

- ~~b. Licensed software (term or subscription) that is hosted on the New Zealand bank's systems, is licensed to the New Zealand bank directly, there is no reliance on a third party for support or maintenance (other than for routine standard support offering from the software vendor), the provider does not have termination rights in a crisis event, and either:~~
- ~~i. could be transitioned to an alternate provider; or~~
 - ~~ii. has escrow arrangements for source code.~~

The Large Banks consider these Outsourcing Arrangements should not be on the Pre-Approved List as they are Outsourcing with an Independent Third Party directly.

- ~~c. Licensed software that is licensed directly to the New Zealand bank to the extent it exclusively relates to one or more white listed functions;~~

The Large Banks consider this should go back on to the White List as this software relates to White List functions that are not Outsourcing.

- ~~d. Support or maintenance of either proprietary or licenced software that is licensed to the New Zealand bank directly to the extent it exclusively relates to one or more white listed functions.~~

The Large Banks consider this should go back on to the White List as the software support and maintenance relates exclusively to White List functions and therefore is not Outsourcing.

2. Annual renewals or rollovers of a contract ~~with an independent third party~~ which confirms the commercial terms only;
3. Variations to contracts ~~with independent third parties~~ where only the commercial terms only are being varied;
- ~~4. Market information and data services (e.g. Moody's, Bloomberg, Standard and Poor's, Fitch, Reuters or equivalent), including market research and analysis services;~~
- ~~5. Real estate appraisal and valuation services; and~~

~~6. Data matching services, including personal information matching, valuation data and credit reporting~~

The Large Banks consider items 4, 5 and 6 should go back on White List as they are not Outsourcing but are specialist information and valuation services or market expertise purchased by a Bank, and are readily available from a number of different providers.