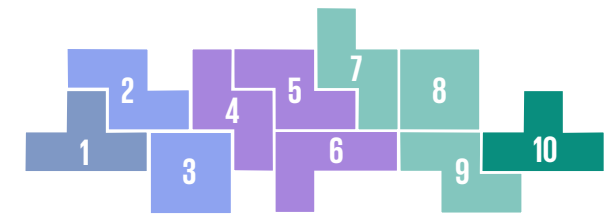


10 Enhancing Parties & Workforce



Regulatory Signals

- Third-Party Risk Management
- Concentration Risk
- Dynamic Workforce
- Protecting Workers

Third-Party Risk Management remains a focus of regulators, highlighting oversight of the full lifecycle of third-party relationships, especially critical service providers. Concurrently, employing a skilled workforce is a critical element for both regulators and organizations.

“Business leaders are now leveraging worker’s safety as a competitive edge, moving beyond compliance to make critical investments in their workforce that foster resilience, build trust, and drive business success.”



Kirk Caron
Managing Director
Advisory

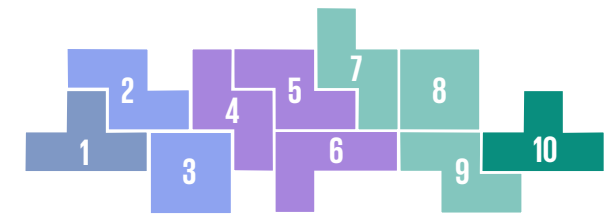
“Dependence upon third-/fourth-party providers has become entrenched in most companies’ business models, elevating operational risk (non-financial risk) as well as regulatory scrutiny. Regulators expect companies to enhance third-/fourth-party governance, processes, and technology use to reduce risk, streamline operations, expand coverage , and strengthen resiliency.”



Joey Gyengo
Principal
Advisory



10 Enhancing Parties & Workforce



Regulatory Signals

- **Third-Party Risk Management**

- **Concentration Risk**

- **Dynamic Workforce**

- **Protecting Workers**

Signal

Continued focus on the full lifecycle of the relationship with third parties including initial due diligence, contract negotiation, ongoing monitoring and oversight, and termination. Oversight extends to fourth parties and beyond, including potential re-assessment to accommodate sanctions and tariffs.

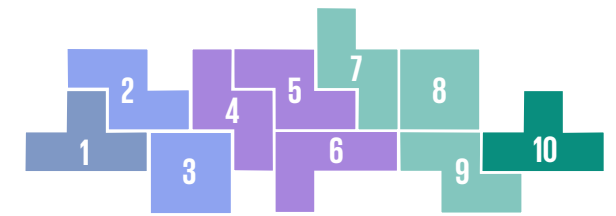
Examples

- Guidance on managing third-party risks (e.g., NYDFS Industry Letter)
- Dedicated oversight category in 2025 to “Third-Party Risk Landscape” (i.e., FINRA 2025 Annual Regulatory Oversight Report)
- Enforcement actions focused on consumer harm and lack of due diligence of third parties (e.g., FTC)

What to Watch

- Potential geopolitical impacts (e.g., tariffs and sanctions) will require visibility into third-party/vendor chains
- Demands for a comprehensive and proactive approach to third parties, integrated across the enterprise, and potentially folded into enterprise risk management
- Enforcement priorities on third-party liability, including data privacy/data collection, consumer protection and due diligence

10 Enhancing Parties & Workforce



Regulatory Signals

- Third-Party Risk Management
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Signal

Increasing reliance on third parties, and in many cases a small number of the same third parties, increases risk (e.g., financial stability, contagion) requiring ongoing assessment and monitoring, especially those supporting an entity's critical services. Third parties may allow for a single point of failure or create systemic vulnerabilities.

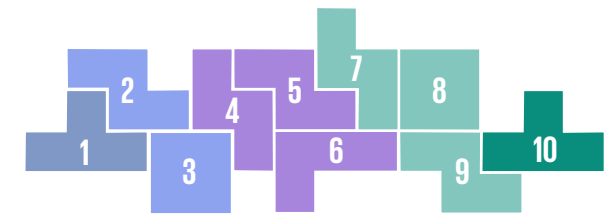
Examples

- Technology-focused third parties and impact to financial institutions and the market (e.g., Federal Reserve Bank of Boston, Chicago and Dallas Paper)
- Requirement for sound third-party risk management (e.g., OCC Spring 2025 Semiannual Risk Perspective)
- Limited number of providers for critical infrastructure services introduces risk management concerns (e.g., CFTC 2025 Regulators Roundtable)
- Creation of an interagency technology service provider supervision program to assist banks with their ongoing monitoring of third-party risk (e.g., FRB Cybersecurity and Financial System Resilience Report)

What to Watch

- Increased interconnectedness between financial institutions and dependency on third parties due to limited numbers of service providers in certain spaces such as AI and cloud services

10 Enhancing Parties & Workforce



Regulatory Signals

- Third-Party Risk Management
- Concentration Risk
- Dynamic Workforce
- Protecting Workers

Signal

Balancing the Administration's federal reductions in force initiatives with the need for experienced and knowledgeable regulators to respond to emerging risks in technology, cybersecurity and digital assets. Complemented by industry emphasis to align employee training with employer needs.

Examples

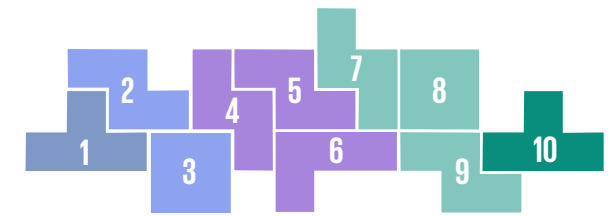
- Announced plans for workforce reductions in 2026 (e.g., FRB Statement (Bowman), SEC Statement (Atkins))
- Highlighting need for enhanced regulator's expertise and skills (e.g., CFTC 2025 Regulators Roundtable)
- Building talent pipelines and workforce development (e.g., DOL America's Talent Strategy Report, AI Action Plan)
- Federal agencies mass layoffs (e.g., Supreme Court ruling)

What to Watch

- Continued reductions in force and reorganizations of federal agencies and regulators
- Continued shift of workforce from federal agencies to state agencies (e.g., more than 200,000 federal employees left the workforce in 2025), certain states implementing hiring campaigns to recruit laid-off federal workers
- Industry investment in continuous learning, shift towards skills-based hiring



10 Enhancing Parties & Workforce



Regulatory Signals

- Third-Party Risk Management
- Concentration Risk
- Dynamic Workforce
- **Protecting Workers**

Signal

Heightened attention to physical security and employee well-being through workplace safety laws. Focus on protecting employees from unfair or deceptive practices, including impacts of AI-driven workplace monitoring such as biometric surveillance.

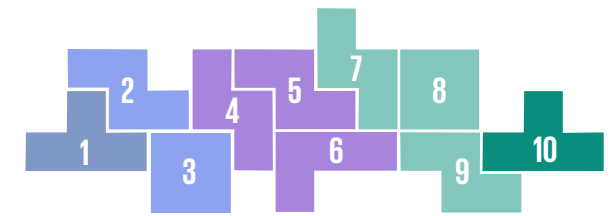
Examples

- Introduced legislation across states focused on workplace and psychological safety, including healthcare professionals, and heat safety standards
- Proposed modernization of workplace safety standards (e.g., OSHA proposed rule)
- Treatment of employees as consumers too, ensuring no unfair or deceptive practices (e.g., FTC Joint Labor Task Force)

What to Watch

- States to continue to introduce workplace safety legislation, with a focus on public health and emerging safety risks (e.g., psychological safety, workplace violence prevention, heat hazard protections)
- Enforcement through data-driven inspection programs
- Focus on deceptive, unfair and anticompetitive labor-market practices (e.g., no-hire agreements, noncompete agreements)

10 Enhancing Parties & Workforce



Regulatory Signals

- Third-Party Risk Management
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Relevant Thought Leadership



[The partner paradox: How to thrive in an evolving risk landscape](#)



[Renewed Urgency on Third Party Risk Management](#)

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