

Notes

to the outsourcing notification form

DeNederlandscheBank

EUROSYSTEM

Notification of outsourcing

Explanatory notes to the outsourcing notification form in the Digital Supervision Portal (DLT)

This document contains explanatory notes that help you complete the digital outsourcing notification form to notify De Nederlandsche Bank (DNB) of critical or significant outsourcing arrangements.

It guides you through the form and provides guidance for its accurate and full completion. These notes describe what we focus on when assessing your outsourcing notification.

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1 General

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Purpose of this form

If you plan to outsource critical or significant activities or functions to a third party, you are required by law to report this to DNB. Please refer to the policy pages on our [Open Book of Supervision](#) for more information.

The same applies if this third party also outsources all or part of these activities to a subcontracting party. You should complete a separate notification form for each significant or critical outsourcing contract. Any activities subcontracted out by the main service provider are considered to be part of the main outsourcing agreement notification.

What should you report?

You can use this notification form to report the outsourcing of critical or significant IT, cloud and other activities to DNB. You must do so before the start of these activities. Please note that for pension funds and premium pension institutions, there are separate forms for the outsourcing of key functions and for the outsourcing of asset management activities.

You must submit a new notification form if there are substantial changes to an existing outsourcing or subcontracting arrangement, or to relevant circumstances. If this is the case, or if your notification relates to a previous notification, we ask you to include the case number of this previous notification in the Notes sections.

When does an outsourcing or subcontracting arrangement qualify as critical or significant?

This depends on the complexity and size of the institution, and on the impact of outsourcing or subcontracting activities on its operational management. It is up to the institution to decide whether activities qualify as critical or significant and should be reported. The following criteria may help institutions to decide whether activities qualify as critical or significant:

- The critical nature and inherent risk profile of the activities to be outsourced, i.e. whether they are vital to the institution's operational management and business continuity and to its liabilities
- The immediate operational consequences that interruptions of the activity may have, and the associated legal and reputation risks
- The impact that a disruption in the activity may have on the institution's core activities or anticipated revenues.
- The impact that a breach of confidentiality or integrity, or unavailability of data may have on the institution or its customers, members or policyholders.

Who must complete this form?

Any authorised signatory of the institution may complete the form in the DLT. To use the DLT, you need to have an active eHerkenning login token. You must also be authorised to use our "Supervisory applications" web service, which is one of the services we provide subject to eHerkenning. You can find more information on the [eHerkenning website](#).

The notification will be linked to the signatory who submits it, who will have access to the information on the notification in the DLT.

Completeness and correctness of your notification

Please complete the form truthfully and in full. Mandatory fields are marked with an asterisk (*).

Confidentiality

We will handle the data submitted in this form with due care. Please note that in some cases we may be permitted or required by law to share your data with third parties, such as other supervisors and criminal authorities in the Netherlands or abroad.

Change in circumstances

You must inform us promptly and on your own initiative of any changes in circumstances that would cause you to answer the questions in this form differently.

You must also inform us if you decide not to proceed with the outsourcing. A “termination of outsourcing” functionality will become available in the DLT in due course. Until then you can report changes by sending an email to your DNB account supervisor.

What will happen to your notification?

Once you have completed the form in the DLT, we will send you an email to confirm its receipt. You only need to notify us of your plans to outsource activities; you do not require our prior approval. After having received your notification, we will consider the information in our regular, risk-based supervision. If we have any questions about the notification we will send you a request for additional information through the DLT. If we do not have any further questions or once you have answered all of our questions, you will receive a final confirmation through the DLT. Please refer to our [website](#) for more information about the DLT.

Any questions about the DLT?

If you have any questions about specific features of the Digital Supervision Portal, e.g. how to export the form, please read the [web page on the use of the DLT](#).

Questions?

If you have any other questions, please feel free to contact us by telephone at +31 800 20 1068 or by email at info@dnb.nl.

2 Statement

6 **I have completed this notification form completely and truthfully.***

Here you confirm that the information given in the form is complete and true. The information must be given as available within the institution. The form's final question is that you upload a form signed by an authorised signatory confirming that the notification is truthful.

3 Institution details

Registered name* Please provide the institution's name

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CoC registration number Please provide the Chamber of Commerce registration number of the institution for which you make the notification.

DNB relationship number Please provide the institution's DNB relationship number, which is stated in the correspondence you receive from us.

Type of institution You can choose from a list of possible types of institution: bank, insurer, pension fund, premium pension institution and payment institution. You do not need to complete the form if your type of institution is not listed.

Does the notification concern a single legal entity?

Choose "no" if the notification concerns outsourcing to multiple legal entities, for example in a group. Please also provide the details of the other legal entity or entities. Keep adding the entities to which the notification relates, provided the outsourcing is identical for all of them.

4 General information on the proposed outsourcing

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Designation of activity or function outsourced*

State the name of the activity or function to be outsourced. For example: infrastructure services, data centre services, office automation, financial, policy or holder administration.

Description/elaboration

Provide a description of the activities to be outsourced.

If your notification relates to a previous outsourcing notification, you can state the case number of the previous notification here.

What is the commencement date of the outsourcing arrangement?

Fill in the date on which the outsourcing arrangement is to start.

[If the start date is before the notification date, a new question will appear]

Is this date in the past?

[if yes] Please state the reason why this date is in the past.

Country of incorporation of the main service provider

Select a country from the drop-down list.

The law of which country governs the contract with the main service provider?*

Select a country from the drop-down list.

Does the main service provider process or store data?*

Please select "yes" or "no".

In which country will these data be processed or stored?*

Select a country from the drop-down list.

Select other countries if data will be processed or stored in multiple countries.

Select a country from the drop-down list.

Will the principal service provider use cloud outsourcing?

Please select "yes" or "no".

Cloud outsourcing: Outsourcing using cloud computing. Cloud computing is a model for enabling ubiquitous, convenient, on-demand network access to a shared pool of configurable computing resources (e.g. networks, servers, storage, applications and services) that can be rapidly provisioned and released with minimal management effort or service provider interaction. (Source: National Institute of Standards and Technology)

Which type of service model applies?

Please select IaaS, PaaS, SaaS or Other from the drop-down list.

Infrastructure as a service (IaaS): Infrastructure cloud outsourcing. The infrastructure is provided in a virtual environment. The hardware, including servers, network equipment, and workstations, are owned by the service provider. Customers only pay for actual use. This gives the user full freedom of choice with regard to the available hardware. The operating system and all software are in the cloud. The management layer and all applications and data are administered in-house.

Platform as a Service (PaaS): Platform cloud outsourcing. In addition to infrastructure, operating systems such as Windows and Linux, middleware and their set-up and administration are outsourced. The data and application administration and development are in-house.

Software as a Service (SaaS): Application cloud outsourcing, also referred to as Software on Demand, means that software is provided as an online service. Customers do not need to purchase the software, but enter into a contract specifying a number of months and a number of users. The SaaS provider installs, maintains and administers the software, which the user accesses online. SaaS is viewed as the application layer in cloud outsourcing, with the platform (PaaS) and the infrastructure (IaaS) providing the underlying layers. Without these underlying layers, usage or the number of users cannot be increased or reduced on a flexible basis.

If you use a combination of these models, please select the model that provides the largest shared pool of configurable computing resources.

CIA rating of the outsourcing arrangement

CIA stands for confidentiality, integrity and availability. The CIA triad or rating is used in information security to rate the confidentiality (exclusiveness), the integrity (reliability) and the availability (continuity) of information in systems and operational processes.

Information systems, operating processes and data are commonly rated according to the CIA classification to establish their target security level, ranging from very low to very high. The rating is used to take appropriate measures.

You can create your CIA rating by selecting from the drop-down menu, for each aspect:

1. Very low
2. Low
3. Medium
4. High
5. Very high

Availability rating*

Information must be available and accessible. The rating considers the potential impact of **unavailability** of information or a set of information.

Establish the availability rating by selecting from:

1. Very low
2. Low
3. Medium
4. High
5. Very high

Integrity rating*

Information must be an accurate reflection of reality, i.e. it must be correct, complete and up to date. Information integrity crucially hinges upon the solid administration of the rights and powers to change, add or destroy data held by a defined group of authorised users. The rating considers the potential impact of **incorrect**, **incomplete** or **obsolete** information.

Establish the integrity rating by selecting from:

1. Very low
2. Low
3. Medium
4. High
5. Very high

Confidentiality rating*

This concerns the rights and powers to change, add or destroy data held by a defined group of authorised users. The rating considers the potential impact of a situation in which **unauthorised persons** gain access to information.

Establish the confidentiality rating by selecting from:

1. Very low
2. Low
3. Medium
4. High
5. Very high

Does outsourcing involve subcontracting?

The third party to which you have outsourced activities may also outsource all or part of these activities to a subcontracting party. If the subcontracting party also outsources activities, an outsourcing chain of service providers is created. The chain ends with management and storage of the data.

Attach a diagram illustrating the outsourcing chain*

Please add a diagram illustrating the outsourcing chain, stating the name of each service provider and the activities outsourced to them. Note: we do not mean a diagram of the technical infrastructure. You should state the main service provider as well as those service providers with a critical or significant contribution to the outsourcing chain. As a minimum, you should mention the service providers whose activities could have a 'high' or 'very high' impact on the availability, integrity or confidentiality of the information in operational processes or systems.

Please answer the following questions (see the questions for the main service provider) for each subsequent service provider.

5 Outsourcing contract

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Is a draft contract or signed contract available for the outsourcing arrangement?*

Please select "yes" or "no".

[if no] Please note that you cannot submit a notification unless at least a draft contract is available. You can save the form and submit it once the draft contract is available.

[if yes, a new question will appear]

What is the contract's end date?*

Fill in the end date (or the renewal date) for the outsourcing arrangement to which the notification relates.

Does the contract contain an exit clause?*

This means that the following must be covered in the contract:

1. The manner in which a contract is to be terminated, including a notice period that is long enough to allow you to find an alternative solution
2. The manner in which it is ensured that you can perform the relevant activities yourself or have them performed by a third party without any adverse consequences for the continuity and quality of services after the termination of the contract

Please select "yes" or "no".

[if no]

Please note that you cannot submit a notification unless an exit clause text is available. You can save the form and submit it once the exit clause text is available.

[if yes]

Add the text of the exit clause in the field below*. You can also upload a document if the text is too long to fit in the field.

Does the contract include provisions about the supervisor's right to examine?*

This means that the following must be covered in the contract:

1. The supervisor has effective access to all information relating to the outsourced functions and activities
2. The supervisor has effective access to the business premises of the service provider to carry out on-site inspections

Please select "yes" or "no".

[if no] Please note that you cannot submit a notification unless the contract includes provisions about the supervisor's right to examine. You can save the form and submit it later once a clause about the supervisor's right to examine is available.

[if yes] Add the text of the clause about the supervisor's right to examine in the field below. You can also upload a document if the text is too long to fit in the field.

Does the contract include provisions about your institution's and the independent auditor's right to audit?*

This means that the following must be covered in the contract:

1. The institution and the independent auditor have effective access to all information relating to the outsourced functions and activities
2. The institution and the independent auditor have effective access to the business premises of the service provider to carry out on-site inspections

Please select "yes" or "no".

[if no, pension funds] The guidance document on outsourcing for pension funds recommends to include a clause about the institution's and independent auditor's right to audit in the outsourcing agreement. Please explain why a clause regarding the right to audit is lacking in the contract.

[if no, other] Please note that you cannot submit a notification unless the contract includes provisions about the institution's and independent auditor's right to audit. You can save the form and submit it later once a clause about the institution's and independent auditor's right to audit is available.

[if yes]

Add the text of the clause about the institution's and independent auditor's right to audit in the field below. You can also upload a document if the text is too long to fit in the field.

Does outsourcing involve subcontracting?

The third party to which you have outsourced activities may also outsource all or part of these activities to a subcontracting party. This is referred to as subcontracting.

Please select "yes" or "no".

[if yes]

Do the contracts regarding critical or significant activities with subcontractors in the outsourcing chain also cover the supervisory authority's right to examine?

? In the event of subcontracting, the supervisory authority's right to examine must also apply to all service providers delivering a critical or significant contribution to the outsourcing chain. This means that a supervisory authority must have effective access to all information regarding the outsourcing of critical or significant activities of all service providers forming part of the outsourcing chain, as well as access to their business premises.

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Please select "yes" or "no".

[if yes]

Add the text of the clause about the extension of the supervisor's right to examine to subcontractors in the field below*. You can also upload a document if the text is too long to fit in the field.

[if no]

You can provide explanatory notes in the field below. Please explain why a clause regarding the right to examine is lacking in the contract with subcontractors in the chain. Please state the estimated date on which the clause will have been included in the contract.

Do the contracts regarding critical or significant activities with subcontractors in the outsourcing chain also cover the institution's and independent auditor's right to audit?

? In the event of subcontracting, the institution's and independent auditor's right to audit must also apply to the service providers with a critical or significant contribution to the outsourcing chain. This means that the institution and independent auditor must have effective access to all information regarding the outsourcing of critical or significant activities of all service providers forming part of the outsourcing chain, as well as access to their business premises.

Please select "yes" or "no".

[if yes]

Add the text of the clause about the extension of the institution's and independent auditor's right to audit to subcontractors in the field below*. You can also upload a document if the text is too long to fit in the field.

[if no]

You can provide explanatory notes in the field below. Please explain why a clause regarding the right to audit is lacking in the contract with subcontractors in the chain. Please state the estimated date on which the clause will have been included in the contract.

Does the contract include a clause stating the conditions subject to which a service provider in the chain is permitted to subcontract services?*

This means that the following must be covered in the contract:

1. The statutory obligations and responsibilities of the service provider must govern all service providers in the outsourcing chain.
2. The contract must include the conditions subject to which the main service provider is permitted to subcontract activities, including the term within which the institution must be notified of the engagement of a new subcontractor, allowing the institution sufficient time to analyse and assess the risks and to invoke the exit clause if necessary.

Please select "yes" or "no".

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[if yes]

Add the text of the subcontracting clause in the field below*. You can also upload a document if the text is too long to fit in the field.

[if no]

Please explain why a subcontracting clause is lacking in the contract with subcontractors in the chain. Please state the estimated date on which the clause will have been included in the contract.

6 Risk analysis

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Did you use the [DNB Risk analysis template](#) to analyse and assess at least the 10 subjects selected by DNB?

We ask you to use our [template](#) to analyse and assess your risks, to enable us to gain a uniform and efficient overview of all analyses. In addition to the subjects selected, you are welcome to add any other subjects that are relevant to your institution's risk analysis. You may also add an underlying risk analyse from your service provider or pension provider to substantiate your risk analysis. You can link to specific sections of the underlying risk analyse directly from the template to prevent double reporting. Your risk analysis should demonstrate that you have accepted the residual risks related to the 10 selected subjects at the appropriate management level and have established that they are within the limits of your institution's risk appetite.

Please select "yes" or "no".

[if no] Please note that you cannot submit a notification unless you have analysed at least the risks related to the 10 subjects selected and have established that they are within the limits of your institution's risk appetite. You can save the form and submit it once the information is available.

[if yes]

Has your institution accepted the residual risks related to the 10 selected subjects at the appropriate management level [\[link template\]](#)?

We ask you to use our [template](#) to analyse and assess your risks, to enable us to gain a uniform and efficient overview of all analyses. In addition to the subjects selected, you are welcome to add any other subjects that are relevant to your institution's risk analysis. You may also add an underlying risk analyse from your service provider or pension provider to substantiate your risk analysis. You can link to specific sections of the underlying risk analyse directly from the template to prevent double reporting. Your risk analysis should demonstrate that you have accepted the residual risks related to the 10 selected subjects at the appropriate management level and have established that they are within the limits of your institution's risk appetite.

[if no] Please note that you cannot submit a notification unless you have analysed at least the risks related to the 10 subjects selected and have established that they are within the limits of your institution's risk appetite. You can save the form and submit it once the information is available.

[if yes, a new question will appear]

You can choose from the following two ways to submit your risk analysis. Please select either of the two options below.

- Use the DNB Risk analysis template to analyse the 10 selected subjects, and extend it with any other subjects that are relevant to your institution's risks analysis.
- Use the DNB Risk analysis template to analyse the 10 selected subjects, and add a separate underlying from your institution (or your service provider or pension provider) to substantiate your institution's risk analysis.

10 selected subjects

You should at least assess the following 10 subjects.

1	Vendor lock-in	It may be complex or even impossible to transfer to a competitor, for example due to technical constraints, a lack of competitors, or the current service provider's inability or unwillingness to assist in the transitioning.
2	A lack of resources needed to manage acquisitions or existing outsourcing contracts.	An institution needs resources (i.e. know-how and staff) to make supplier selection and monitor suppliers. The latter issue concerns a service provider's performance, as well as internal control, IT risk controls and security. A lack of resources means that outsourcing is not or insufficiently managed, potentially exposing the institution to unwanted risks that are not detected or addressed.
3	Concentration	If a single service provider supplies multiple outsourcing solutions, the total impact of possible failure could increase with each additional activity outsourced to the service provider.
4	Service provider ceases operations	Data, systems and services may immediately become unavailable as soon as a service provider ceases operations. The institution's day-to-day operations may be disrupted and it may be difficult or impossible to retrieve data.
5	Compliance with legal and regulatory requirements.	The institution bears final responsibility for effective management of outsourced activities and ensures that the service provider (and any subcontractors) comply with legal and regulatory requirements.
6	Inadequate performance / results	A service provider fails to meet the quality standards or observe agreements made, even if the required service level is attained in quantitative terms. Alternatively, the service provider meets the quality standards but fails to meet the required service level in quantitative terms. Or worse: the service provider fails to meet both the quality standards and the service level. e.g. service level agreements, assurance reports, audit reports.
7	Geographical data location	Data are governed by the laws of the jurisdiction in which they are stored or by which they are transmitted. Locally applicable laws may differ from Dutch legislation, giving rise to risks related to confidentiality requirements.
8	Separation of environments	Failure of facilities ensuring the separation of storage, memory and routing, which could have an impact on the reputations of the various tenants of shared infrastructure.
9	Data access	Data must be stored and transferred securely and in compliance with regulatory requirements regarding e.g. encryption standards, encryption key management, the four eyes principle and authentication.
10	Cyberattacks	All risk related to cyberattacks, such as DDoS attacks, data interception or leakage, social engineering, unauthorised access, the unauthorised obtaining of rights, and ransomware.

The DNB Risk analysis template has the following columns:

Subject	The subject/risk to be assessed
Notes	Brief description of the risk in question
Analysis	Your analysis of this risk in your institution or within the outsourcing chain
Likelihood	The likelihood of the risk materialising
Impact	The ramifications if the risk materialises. Use the rating scale to specify the impact (very low, low, medium, high, very high).
Rating	The rating established on the basis of probability and impact in accordance with the table below
Measures	The measures you have taken to mitigate the risk
Residual risk	The risk remaining following the measures taken

Acceptance The residual risks are accepted at the appropriate management level

We expect you to take measures to mitigate the risks and that any residual risks are accepted at the appropriate management level.

7 Signatory statement

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Signatory statement*

Annex (1)

Name

Signatory statement

Please upload the signatory statement here. This ensures that your notification is signed by an authorised signatory of your institution.

If you submit an outsourcing notification in our Digital Supervision Portal, you must upload a signatory statement together with your signed notification. This ensures that your notification is signed by an authorised signatory of your institution.

DeNederlandscheBank

EUROSYSTEEM

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