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### OUTSOURCING TRANSACTIONS A Practical Guide

John Beardwood and Gabriel M.A. Stern,  
both of the firm Fasken Martineau DuMoulin LLP  
Release 1, December 2025

With a special emphasis on technology, and a variety of useful precedent agreements, this service expertly guides you through each stage of the outsourcing process. From planning to negotiation, to implementation, the authors rely on their years of experience to ensure the book meets the needs of today's outsourcing practitioner.

This release features updates to Chapter 4, "OSFI Guidelines: Not Just For Financial Institutions" and Chapter 14, "Information Security Compliance: Practical Implications for Outsourcing".

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### **What's new in this update:**

**OSFI Guidelines: Not Just For Financial Institutions—The New B-10—Four Key Changes from B-10—New Assessment of Criticality vs Materiality**—The New B-10 has markedly shifted from requiring the assessment of the “materiality” of outsourcing arrangements, to the assessment of the “criticality” of TPAs. OSFI has defined criticality as follows:

“Criticality” denotes importance to the FRFI’s operations, strategy, financial condition or reputation. It emphasizes the impact of a risk event, irrespective of the likelihood of such risk event occurring. The criticality of an arrangement is an important input in the assessment of an arrangement’s risk. Critical third-party arrangements provide goods, business activities, functions and services to FRFIs which, if disrupted, could put at risk the continued operation of the FRFI, its safety and soundness or its role in the financial system, and thereby jeopardize its operational resilience.

Consequently, in measuring the level of criticality of a TPA, one should assess, as applicable:

- the severity of loss or harm to the FRFI if the third party or subcontractor fails to meet expectations, due to insolvency or operational disruption;
- substitutability of the third party, including the portability and timeliness of a transfer of services;
- the degree to which the third party or subcontractor supports a critical operation of a FRFI; and
- the impact on business operations if the FRFI needed to exit the third-party arrangement and transition to another service provider or bring the business activity in-house

**Information Security Compliance: Practical Implications for Outsourcing—Types of Data to Be Secured: Confidential and Personal Information—Personal Information in the Private Sector**—The Office of the Superintendent of Financial Institutions Canada’s *Guideline B-10: Third-Party Risk Management Guideline*, which applies to the outsourcing arrangements of designated federally regulated entities, requires that appropriate security and data confidentiality protections be in place in any outsourcing arrangement. Further, the OSFI Guideline requires that the outsourcing agreement establishes each party’s respective responsibilities in connection with data security. The OSFI Guideline was last revised in 2023 and remains an important regulatory protection with which financial sector customers will expect their service providers to comply.