FDIC

Federal Deposit Insurance Corporation
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Financial Institution Letters
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RISK MANAGEMENT OF FREE AND OPEN SOURCE SOFTWARE
FFIEC Guidance

Summary: The Federal Financial Institutions Examination Council (FFIEC) has issued the attached guidance to help institutions identify and implement appropriate risk-management practices when using "free and open source software" (FOSS).

Suggested Distribution:
FDIC-Supervised Banks (Commercial and Savings)

Suggested Routing:
Chief Executive Officer
Chief Technology Officer
Chief Information Officer

Related Topics:
FFIEC IT Examination Handbook,
Development and Acquisition Booklet

Attachment:
FFIEC Guidance: "Risk Management of Free and Open Source Software"

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Note:
For your reference, FDIC Financial Institution Letters (FILs) may be accessed from the FDIC's Web site at www.fdic.gov/news/news/financial/2004/index.html.

To learn how to receive FILs electronically, please visit http://www.fdic.gov/news/news/announcements/index.html.

Paper copies of FDIC financial institution letters may be obtained through the FDIC's Public Information Center, 801 17th Street, NW, Room 100, Washington, DC 20434 (1-877-275-3342 or 202-416-6940).

Highlights:

- FOSS refers to software that users are allowed to run, study, modify and redistribute without paying a licensing fee. Well-known examples are the Linux operating system, Apache Web server and mySQL database.

- The use of FOSS is increasing in the mainstream information technology and financial services communities.

- The federal regulatory agencies believe that using FOSS does not impose risks to institutions that are fundamentally different from risks presented by proprietary or self-developed software. However, acquiring and using FOSS necessitates that institutions implement unique risk-management practices.

- This guidance supplements the FFIEC IT Examination Handbook's *Development and Acquisition Booklet* by addressing strategic, operational and legal risk considerations in acquiring and using FOSS.