

# COUNTDOWN TO DATA PRIVACY DAY 2026

## INFORMATION MEMO

JANUARY 28, 2026

## Protect Your Business, Cybersecurity Provisions in Contracts

Cybersecurity and data privacy provisions should be a central consideration whenever parties negotiate contracts involving third party service providers who will access or process business data. This applies across a broad spectrum of services, whether cloud based or not. Any external party with access to sensitive information introduces potential exposure to security incidents, unauthorized disclosures, service disruptions and related financial or operational impacts. Thoughtful contracting helps both sides clearly understand and allocate these risks.

It is also common for initial contract drafts—whether prepared by a vendor or a customer—to reflect the drafter's preferred risk posture. A vendor's standard terms may limit liability or narrowly define incident response obligations, while a customer's preferred terms may seek broader assurances or financial protections. Each position reflects business concerns about managing exposure and ensuring predictable outcomes.

To reach a fair and workable agreement, both parties benefit from negotiating key provisions such as liability caps, data breach notification and remediation responsibilities, cybersecurity standards and indemnification. Clear, balanced terms help ensure that if a security incident occurs—whether due to a vendor's systems, a customer's environment or external factors—responsibilities and financial impacts are allocated in a way that aligns with each party's role, control and risk tolerance.

If you need assistance with contract review and negotiation or general advice regarding the use of and access to business data, please contact **Elizabeth Morgan, Amber Lawyer** or any member of Bond, Schoeneck & King PLLC's **cybersecurity and data privacy** or **business practice group**.



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