BUILDING OPERATIONAL RESILIENCE – A UNIFIED APPROACH

Following a collaboration between the Bank of England (BoE), the UK Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA) to improve the operational resilience of the UK financial sector, in 2019 the FCA consulted on proposed changes to the way in which firms approached their operational resilience.1

The disruption caused by the coronavirus (Covid-19) pandemic has shown why it is critically important for firms to understand the services they provide and invest in their resilience.

In this piece we primarily consider recent developments in the area of operational resilience by looking at the FCA’s publication of Policy Statement ‘Building operational resilience: Feedback to CP19/32 and final rules’ (PS21/3)2, but we also look at two related papers by the PRA and the recently finalised ‘Principles for Operational Resilience’ that was published by the Basel Committee on Banking Supervision.

FCA Policy Statement PS21/3
PS21/3, published on 29 March 2021, summarises the feedback received by the FCA to CP19/32, its regulatory response and final rules. It will be of interest to:

• Enhanced scope Senior Managers and Certification Regime (SM&CR) firms;
• Designated investment firms;
• Banks;
• Building societies;
• Insurers;
• Recognised Investment Exchanges; and
• Entities authorised or registered under the Payment Services Regulations 2017 (PSRs 2017) and the Electronic Money Regulations 2011 (EMRs 2011).

The FCA suggests that firms who are not subject to these rules should continue to meet their existing obligations, but may also want to consider the policy framework set out in PS21/3.

Summary of feedback and the FCA’s policy response
Most respondents to CP19/32 supported the FCA’s proposals, however, the FCA has made changes to its original policy position in response to feedback to provide firms with more time and flexibility to meet mapping and scenario testing requirements.
Important business services (Chapter 2 PS21/3)

Identification of business services: The FCA recognises that firms might find it useful to identify all their business services before proceeding to identify which of these is important. However, the FCA rules only require firms to identify their important business services for the purposes of operational resilience.

Capturing internal processes: These should be processes which are necessary to the provision of important business services and should be captured by firms as part of their mapping exercises, where they identify and document the people, processes, technology, facilities and information that support their important business services.

Granularity and proportionality

Granularity and proportionality when identifying important business services: A common theme of the feedback was the level of granularity firms should go into when identifying their important business services.

The FCA feels that firms are best placed to identify which of their services should be classed as important business services in the context of their business models. But whichever method firms adopt, it should comply with SYSC 15A.2.1R-2R.3

To further assist, the FCA has provided additional and varied firm examples in PS21/3, along with Handbook guidance.

Definition of important business services: The FCA has made a small change so that the definition of ‘important business service’ aligns with those of the BoE and the PRA.

The revised definition says that an important business service “means a service provided by a firm, or by another person on behalf of the firm, to one or more clients of the firm which, if disrupted, could:

1. Cause intolerable levels of harm to one or more of the firm’s clients; or
2. Pose a risk to the soundness, stability or resilience of the UK financial system or the orderly operation of financial markets.”

Services where only a small number of customers would be affected by disruption: Firms should consider both the size and nature of their consumer base. It is reasonable to expect that in some cases only a small number of customers would be affected by disruption, but having considered all other factors the firm still considers the service to be important. The FCA suggests that a holistic approach is adopted.

Reviewing important business services: From 31 March 2021, firms should begin identifying their important business services. This exercise will then need to be completed at least annually, or whenever there is a material change to a firm’s business.

Material changes: The FCA would consider a material change to include the firm carrying out a new activity or ceasing to provide an existing one; the firm outsourcing a new or existing service to a third-party service provider; or changes to an existing service in terms of scale or potential impact (considering factors such as the number of customers, substitutability of the service or factors set out in paragraph 4.21 of CP19/32).
Central shared services for groups and collections of services

Central shared services: The FCA provides examples of central shared services which are not likely to constitute important business services, such as: architecture and underlying technology provided centrally; operational processes, such as transactions booking or risk management; audit and other second line functions.

Interaction with existing/proposed frameworks

Links to existing requirements: The FCA has provided details on the interaction of its final rules with existing requirements and recent regulatory developments, which are provided in Annex 2 of PS21/3. These have been a key driver for the FCA in introducing a high-level, principles-based framework to provide sufficient flexibility for firms to take account of all aspects of their approach to resilience.

‘Identifiable’ service providers: Here the FCA explains that it intended that firms should be able to recognise which of their consumer base use a certain important business service, not for a firm to identify individual consumers by name, or change existing requirements for the handling of customer data.

Scope of the proposals

Payments and e-money firms in scope: To take account of some misunderstanding on the part of respondents in relation to whether all payments and e-money firms are in scope, the FCA has amended SYSC 15A.1 (Application).

Service failure criteria: Chapter 3 of PS21/3 covers this in more detail.

Products: The FCA feels that it is unnecessary to bring products into scope of the proposals.

Impact tolerances (Chapter 3 PS21/3)

Implementation challenges

The FCA feels that firms are best placed to set their impact tolerances at the appropriate level. Firms must build sufficient resilience before they reach their impact tolerance, and be able to operate within tolerance at all times, including during severe but plausible scenarios.

Intolerable harm: The FCA has not defined ‘intolerable harm’, but has instead referred firms back to factors described in CP19/32. Additionally, the FCA advises firms that intolerable harm constitutes harm from which consumers cannot easily recover.

Approach to vulnerable consumers

Vulnerable consumers: In advising firms how its proposals for firms to set impact tolerances interacts with the needs of, and considerations for, vulnerable consumers, the FCA points to its finalised guidance on the fair treatment of vulnerable customers. The FCA has also amended SYSC 15A.2.7G to make express reference to ‘vulnerable consumers’ in the guidance on factors to consider when setting impact tolerances.

Group approach to impact tolerances

Impact tolerances at group or entity level: In situations where an entity sets an impact tolerance at a lower level than that set by the group, the group’s board should consider and approve that the entity can, and it is appropriate, for it to do so.

Circumstances outside a firm’s control

Scenario testing as a tool to remain within tolerances: In CP19/32 the FCA provided examples of disruptions outside of a firm’s control (for example cyber-attacks and wider telecommunications/power failures). Operational resilience assumes that disruption is inevitable, so if a firm has put in place procedures to improve its operational resilience and tested in a variety of severe but plausible scenarios it should be able to effectively translate that effort in the event of an unpredictable disruption.

If, despite extensive scenario testing, a firm is not able to remain within its impact tolerance it should report the issue to the FCA in line with SYSC 15A.2.11G.

Circumstances where remaining within tolerance could cause further detriment: Firms should consider such circumstances in their testing plans and report any issue remaining in tolerance to the FCA. There may be certain situations where a firm wishes to resume a degraded service, which would be acceptable, so long as the firm has assessed whether a) the degraded service can safely resume without causing further
detriment and b) the benefits of resuming a degraded service outweigh the negatives of keeping the service unavailable until the issues have been remediated or fully restored to pre-disruptive levels.

**Multiple service disruptions**

**Multiple service disruptions to an important business service:** Firms should continue to set their impact tolerances with reference to a single disruption rather than an aggregation of a number of disruptions.

**Aggregate harm when multiple business services are disrupted:** Firms should consider the lack of substitutability of a service and recognise where multiple business services rely on the same underlying system.

The FCA agrees that simultaneous disruption of multiple important business services could mean that aggregate harm is felt more quickly and severely. The FCA provides two situations in which such disruption is likely:

a) Where multiple important business services rely on one common provider, which could cause disruption to all reliant important business services; and

b) Where multiple important business services could be disrupted simultaneously due to an external factor directly affecting the service i.e. a cyber-attack which hits a whole range of operational assets.

**Cross-regulatory alignment**

**Amendments to the FCA’s ‘impact tolerance’ definition:** This has been aligned with the PRA’s proposed approach. The definition of impact tolerance “means the maximum tolerable level of disruption to an important business service, as measured by a length of time in addition to any other relevant metrics, reflecting the point at which any further disruption to the important business service could cause intolerable harm to any one or more of the firm’s clients or pose a risk to the soundness, stability or resilience of the UK financial system or the orderly operation of the financial markets.”

**Outsourced services and impact tolerances**

**Third parties providing important business services:** The requirements to set and remain within impact tolerances remain the responsibility of the firm, regardless of whether it uses external parties for the provision of important business services.

**Measuring impact tolerances**

**Measuring impact tolerances:** The FCA has proceeded as consulted to require firms to use time/duration as a mandatory metric to measure their impact tolerances. For clarification, the FCA advises that the time-based metric can be flexible and used in conjunction with other metrics.

**Examples of other metrics:** Firms are best placed to determine which metrics best measure impact tolerances for their important business services.

**Dual-regulated firms’ approach to impact tolerances**

**Up to two impact tolerances for dual-regulated firms:** Dual-regulated firms should set up to two impact tolerances. Firms may set their separate tolerances at the same point if they deem that suitable for the purposes of each regulatory authority, but will need to be able to justify their decision if challenged.

**Smaller firms’ approach to impact tolerances:** Smaller firms will not need to consider financial stability when setting impact tolerances. More information on thresholds has been laid out in the PRA’s final policy documents (see PS6/21).

**Transitional arrangements (Chapter 4 PS21/3)**

**Changes to the timeframe for mapping and scenario testing:** In response to feedback received, the FCA has concluded that it would be appropriate to give firms more time and flexibility around how they perform mapping and scenario testing.
Retaining the three-year transitional period: Firms have a period of four years, from the date of publication of PS21/3, to be able to stay within their impact tolerances. This is made up of a one year implementation period and a three year transitional period.

Operational resilience over the last year: Operational resilience has become even more important during the past year. Firms and third parties have experienced an increase in hackers attempting to use the pandemic to extract information. Firms have also needed to adapt to high numbers of their workforce working from home.

Approach for newly authorised firms: The FCA expects firms authorised within the three year transitional period to March 2025, to use the time up to the three year deadline to show they can remain within their impact tolerances. Depending on when a firm is authorised during the transitional period will impact the time available on a sliding scale.

Approach for enhanced-scope SMCR firms: Firms changing their status from ‘core’ to ‘enhanced-scope’ SMCR – thus bringing themselves within scope of this policy – to approach implementation in line with other enhanced-scope firms.

Mapping and scenario testing (Chapter 5 PS21/3)

Mapping

Granularity of the mapping exercise: The level of granularity will vary between firms, but two outcomes need to be considered: a) identify vulnerabilities and remedy these as appropriate; b) enable firms to conduct scenario testing.

In response to feedback, the FCA has also included a transitional provision at SYSC TP 10 which sets out its expectation that firms only need to carry out mapping, by 31 March 2022, to a level of sophistication necessary to identify important business services, set impact tolerances and identify any vulnerabilities in their operational resilience.

Firms will have until 31 March 2025, at the latest, to continue mapping with a view to being able to remain within impact tolerances for each important business service.

Additional mapping guidance: The FCA has provided further guidance on what it means by the people, processes, technology, facilities and information that support the operation of important business services. See pages 29-30 of PS21/3 for full details.

Mapping templates: Due to the variety of firms’ business, size, scale and complexity the FCA has decided not to provide mapping templates.

Updates to the mapping exercise: This should be done if there is a material change to a firm’s business, the important business services identified in line with SYSC 15A.2.1R or impact tolerances set in line with SYSC 15A.2.5R; and in any event, no later than one year after it last carried out the relevant assessment.

Governance and sign-off: The FCA does not consider it appropriate for approval of the mapping exercise to be delegated to someone that is not on the Board or equivalent management body.
Third parties and supply chains

Mapping external providers: The FCA expects firms in scope to be responsible for accurately mapping any relationship outsourced to an external third party.

Links to existing/proposed requirements: Respondents asked how the FCA policy proposals interact with outsourcing arrangements – those proposed by the European Banking Authority and in the European Commission’s Digital Finance Strategy, including Digital Operational Resilience Act. Details have been provided in PS21/3 Annex 2.

Data handling: Any data provided to the FCA will continue to be handled with the utmost care, under requirements in the onshored General Data Protection Regulation (GDPR). The FCA is also subject to confidentiality under section 348 of the Financial Services and Markets Act 2000.

Testing expectations for firms

Industry-wide tests: The FCA will consider if industry-wide tests could be developed over the longer term as part of its supervisory approach.

Testing methods: Appropriate testing models will depend upon a firm’s size, scale, complexity and business (considering the sector, products and services). Testing methods will also vary depending on the ‘severe but plausible’ scenarios identified by the firm in question.

Frequency of testing: The FCA has made some changes to its scenario testing requirements to provide firms with more clarity. See pages 34-35 of PS21/3 for full details.

Business as usual and testing requirements: When organising testing, firm’s should consider how best to minimise disruption to other activities, while still meeting the FCA’s expectations.

Third parties and effective testing: Firms should approach testing with third parties in the same way as they approach the mapping exercise, working as effectively as possible with third parties to facilitate testing. The FCA provides three examples of how firms may conduct scenario testing at pages 36-37 of PS21/3.

Communications, governance and self-assessment (Chapter 6 PS21/3)

Communications plans

Existing requirements: The FCA’s proposed Handbook section on communications, SYSC 15A.8, aims to provide high-level requirements and guidance for firms.

Treatment of vulnerable consumers: To address how firms should treat vulnerable consumers in the context of its policy, the FCA has added guidance at SYSC 15A.8.2G (3). The new information aims to clarify that firms should be mindful of consumer/stakeholder access to different channels when identifying communications methods.

Repurposing existing communications plans/strategies: The FCA considered respondents’ feedback about repurposing existing communications plans or strategies and consider this to be appropriate, if firms continue to maintain the original plans to meet other existing requirements.
Resilience and interdependencies of major central systems: The FCA states that trade bodies and industry groups, which coordinate industry and sector-wide views and information, may be able to help firms in identifying links between major central systems.

Cross-firm/systemic disruption: The FCA appreciates that it would be helpful for firms to be notified of cross-firm/systemic disruption, but say that it will not be possible for the FCA to coordinate such communications for firms.

Existing requirements: Annex 2 of PS21/3 contains information on the interaction of the FCA's proposals for communications plans with existing requirements such as Supervisory Review and Evaluation Process, Internal Capital Adequacy and Risk Assessment, operational risk and K-factors.

Self-assessment document
Templates: The FCA is concerned that any template might end up being too high-level to be of value to firms, or risk not sufficiently catering to their individual circumstances. The FCA suggests that similar firms may wish to share best practice through working groups, which the FCA will be happy to engage with.

Self-assessment document content/purpose: The FCA has included in SYSC 15A.6.1R its proposal for what firms must include a written record of in their self-assessment document, as they see fit. The FCA also says that firms may wish to include internal or external audit reports, or parts thereof, in the document.

Format: The format should be clear and well-structured. This could be a text document, slide-deck or spreadsheet. The self-assessment document may also be presented in the form of multiple files of different types.

Self-assessment and the resilience journey: The self-assessment document should show a firm’s resilience journey. Whilst not an FCA requirement, firms can publish their self-assessment documents on their websites if they wish to.

Submission expectations: Self-assessment documents need only be provided to the FCA upon request, or be made available for inspection as part of firm engagement.

Review process: Firms should review and update their self-assessment document regularly. However, where changes occur that may have a clear impact on the firm’s operational resilience, more frequent reviews of the firm’s self-assessment document will be required.

Next steps
The legal instrument contained within PS21/3 provides the FCA’s final rules and guidance which will come into force on 31 March 2022.

Firms must be able to remain within their impact tolerances as soon as reasonably practicable, and while this should be no later than three years after the rules come into force, it is expected that a higher level of maturity will be demanded gradually once the implementation date has passed.

PRA Policy Statement PS6/21
The PRA Policy Statement 6/21 (PS6/21), which was published on 29 March 2021, provides feedback to responses to Consultation Paper 29/19 Operational resilience: Impact tolerances for important business services (CP29/19). It also contains the PRA’s final policy on:

- A new ‘Operational Resilience Parts’ of the PRA Rulebook (Appendix 1);
- Amendments to the Group Supervision Part of the PRA Rulebook (Appendix 1);
- A new Supervisory Statement (SS) 1/21 ‘Operational resilience: Impact tolerances for important business services’ (Appendix 2); and
- A new Statement of Policy (SoP) ‘Operational resilience’ (Appendix 3).

Who should be interested?
PS6/21 is relevant to UK banks; building societies; PRA-designated investment firms; UK Solvency II firms; the Society of Lloyd’s and its managing agents.

Summary of responses
In terms of feedback to CP29/19 there was general support for the main components of the policy. Broadly, the responses focused on implementation, proportionality, alignment with the FCA, alignment with international principles and requests for further detail on PRA expectations. Full information on CP 29/19 responses can be found under the relevant policy sections in Chapter 2 of PS6/21.
After considering responses to CP29/19, the PRA have amended aspects of its draft policy as follows:

| Operational Resilience Parts have been amended to:                                                                 |
|---------------------------------------------------------------------------------------------------------------------|-------------------------|
| Further align definitions and requirements with FCA definitions and requirements                                    | 1.2, 2.4 CRR; 1.2, 2.4 Solvency II and 1.2 Group Supervision |
| Specify the firms that are required to consider the stability of the UK financial system when setting their impact tolerances | 2.3 CRR and 2.3 Solvency II |
| Specify that firms must specify the length of or point in time, in addition to any other relevant metrics, for which a disruption to an important business service or important group business service can be tolerated | 2.4 CRR and 2.4 Solvency II |

| Supervisory Statement (SS1/21) to include:                                                                                   |
|-------------------------------------------------------------------------------------------------------------------------------|-------------------------|
| Examples of internal services and the circumstances that would necessitate them to be included in a firm’s mapping of an important business service | Paragraph 2.8 |
| Introduction of an expectation for firms to review their important business services annually at a minimum                      | Paragraph 2.10 |
| Introduction of an expectation for firms to consider the impact of the failure of other related important business services when setting impact tolerances for individual important business services | Paragraph 3.3 |
| Clarification on the use of time-based metrics for impact tolerances and how time-based metrics may be used in conjunction with other metrics | Paragraphs 3.6, 3.11 and 3.12 |
| Provide guidance and examples on how PRA-FCA dual-regulated firms can act to remain within their two impact tolerances       | Paragraphs 4.8 to 4.11 |
| Clarification on the timeframes for firms to implement the full policy                                                     | Paragraphs 4.12 to 4.16 |
| Clarification on the expectations for firms to undertake assurance work on third parties                                    | Paragraphs 5.6, 5.7 and 6.13 |
| Introduction of an expectation for firms to identify any lessons learned when undertaking scenario testing in documenting their self-assessments | Paragraph 8.3 |
| Clarification and introduction of an example of important group business services                                           | Paragraph 9.2 |

For full details of the new rules please refer to the following documents for information:

- PRA rulebook: CRR firms, Solvency II firms: operational resilience instrument 2021.9
- SS1/21 ‘Operational Resilience: Impact tolerances for important business services’.10
- Statement of Policy ‘Operational Resilience’.11

**Implementation**

The Operational Resilience Parts will be effective from 31 March 2022.12

SSI/21 changes will also be effective from the same date.

The final policy set out in PS6/21 has been designed in the context of the UK having left the European Union and the transition period having come to an end. Unless otherwise stated, any references to EU or EU-derived legislation refer to the version of that legislation which forms part of retained EU law.

**PS7/21 – Outsourcing and third party risk management**

Also published by the PRA on 29 March 2021 was Policy Statement 7/21 (PS7/21) which provides feedback to responses to Consultation Paper 30/19 ‘Outsourcing and third party risk management.’ 13 In addition, the PRA published its final Supervisory Statement 2/21 (SS2/21) ‘Outsourcing and third party risk management’ (Appendix 1).14

**Who should be interested?**

PS7/21 is relevant to banks, building societies, and PRA-designated investment firms; Insurance and reinsurance firms and groups in scope of Solvency II, including the Society of Lloyd’s and managing agents; and branches of overseas banks and insurers.

Some of the contents of SS2/21 are relevant to credit unions and non-directive firms: the PRA rules, statutory powers, and requirements.
Summary of responses
There was general support for the PRA proposals. Respondents welcomed the PRA’s efforts to clarify and modernise regulatory expectations in an area where regulation had not kept pace with technological change. Firms also appreciated that the proposals complemented the PRA’s policy proposals on operational resilience, given the many synergies between the two areas.

Respondents noted that the proposed operational resilience framework provided a helpful lens for firms to assess how they should monitor their outsourcing and third party arrangements and establish end-to-end resilience for their important business services.

Overall, responses focused on specific areas rather than calling for a wholesale revision of the overall policy. Details on these are set out in the associated sections of PS7/21.

Implementation
The PRA states that firms will be expected to comply with the expectations in SS2/21 by 31 March 2022. This is in line with the timing of the PRA’s requirements and expectations on operational resilience as set out in PS6/21.

Outsourcing arrangements entered into on or after 31 March 2021 should meet the expectations in SS2/21 by 31 March 2022. Firms should seek to review and update legacy outsourcing agreements entered into before 31 March 2021 at the first appropriate contractual renewal or revision point to meet the expectations in SS2/21 as soon as possible on or after 31 March 2022.

As set out in PS6/21, the proposals set out in PS7/21 have been designed in the context of the UK having left the European Union and the transition period having come to an end. Unless otherwise stated, any references to EU or EU derived legislation refer to the version of that legislation which forms part of retained EU law.

The PRA will keep the policy under review to assess whether any changes would be required due to changes in the UK regulatory framework.

BCBS Principles for Operational Resilience
On 5 April 2021, the Basel Committee on Banking Supervision (BCBS) published their final “Principles for Operational Resilience” (BCBS Principles). The BCBS Principles are closely aligned with the UK rules.

Overview
It is essential for banks to ensure that existing risk management frameworks, business continuity plans and third-party dependency management are implemented consistently within the organisation. Banks should consider whether their operational resilience approach is appropriately harmonised with the stated actions, organisational mappings, and definitions of critical functions and critical shared services contained in their recovery and resolution plans as specified in the Financial Stability Board’s (FSB’s) Recovery and Resolution Planning framework, as appropriate.

The BCBS Principles are largely derived and adapted from existing guidance that has been issued by the BCBS or national supervisors over a number of years. The BCBS recognises that many banks have well established risk management processes that are appropriate for their individual risk profile, operational structure, corporate governance and culture, and conform to the specific risk management requirements of their jurisdictions.

By building upon existing guidance and current practices, the BCBS is issuing a principles-based approach to operational resilience that will help to ensure proportional implementation across banks of various size, complexity and geographical location.

“MEETING THE REQUIREMENTS INVOLVES EMBRACING MIND-SET CHANGE, AND A CULTURE OF CONTINUOUS LEARNING THAT ACKNOWLEDGES THAT RESILIENCE IS ENHANCED OR DEGRADED BY EVERY CHANGE DECISION A FIRM MAKES, AT EVERY LEVEL, IN EVERY FUNCTION AND ON EVERY DAY.”

Charlotte Branfield, Head of Operational Resilience, Citi.
The new BCBS Principles at a glance

**Principle 1**: Banks should utilise their existing governance structure to establish, oversee and implement an effective operational resilience approach that enables them to respond and adapt to, as well as recover and learn from, disruptive events in order to minimise their impact on delivering critical operations through disruption.

**Principle 2**: Banks should leverage their respective functions for the management of operational risk to identify external and internal threats and potential failures in people, processes and systems on an ongoing basis, promptly assess the vulnerabilities of critical operations and manage the resulting risks in accordance with their operational resilience approach.

**Principle 3**: Banks should have business continuity plans in place and conduct business continuity exercises under a range of severe but plausible scenarios in order to test their ability to deliver critical operations through disruption.

**Principle 4**: Once a bank has identified its critical operations, the bank should map the internal and external interconnections and interdependencies that are necessary for the delivery of critical operations consistent with its approach to operational resilience.

**Principle 5**: Banks should manage their dependencies on relationships, including those of, but not limited to, third parties or intragroup entities, for the delivery of critical operations.

**Principle 6**: Banks should develop and implement response and recovery plans to manage incidents that could disrupt the delivery of critical operations in line with the bank’s risk appetite and tolerance for disruption. Banks should continuously improve their incident response and recovery plans by incorporating the lessons learned from previous incidents.

**Principle 7**: Banks should ensure resilient ICT including cyber security that is subject to protection, detection, response and recovery programmes that are regularly tested, incorporate appropriate situational awareness and convey relevant timely information for risk management and decision-making processes to fully support and facilitate the delivery of the bank’s critical operations.

**Our observations**
From our reading, the changes made since the earlier consultation are minor and provide greater clarity. They should also provide less room for different interpretations across the 45 members of BCBS.

**Next steps**
The BCBS recognises the work undertaken by other jurisdictions, including the BoE and FCA in the UK, to bolster the operational resilience of the financial sector. The BCBS aims to strengthen operational resilience by furthering international engagement and seeks to promote greater cross-sectoral collaboration over this body of work.

Each of the 45 members of BCBS will now review whether they feel their existing regulation/guidance covers the requirements in the BCBS Principles. If they feel that their existing regulation doesn’t, they will then issue new regulation.

**In conclusion**
As you might expect, and evidenced from the papers discussed in this piece, focus on improving operational risk management, and board and senior management governance and oversight, remains high. This is the next step in the operational resilience journey.