

ITF Roundtable

Operational Resilience

8th October 2024



The JADEtc. Partnership

Operational Risk and Regulatory Consultants

Agenda

Principle 12

The timeline

The 8 stages

How are you doing?

Principle 12: Operational Resilience

PRINCIPLES FOR DOING BUSINESS AT LLOYDS

Principle 12 – Managing Agents should maintain robust and resilient operations, embedding cyber resilience and effective third-party management.

To support this, managing agents should:

1. Operate a robust operational resilience framework

2. Maintain oversight of operational resilience through appropriate governance processes and risk and control

3. Maintain appropriate cyber resilience

The Market Operational Resilience Framework is intended to provide guidance to managing agents and other market participants on how to respond to outages and incidents that require collaboration as well as high level summaries of centrally coordinated activities.

Market participants are required to meet the PRA and FCA's Operational Resilience requirements.

The timeline

Figure 1

March 2021

PS21/3 published

1 year implementation period begins for firms to operationalise the policy framework

March 2022

Final rules come into force

Implementation period ends
3 year transitional period begins for firms to remain within their impact tolerances as soon as reasonably practicable

March 2025

Transitional period ends

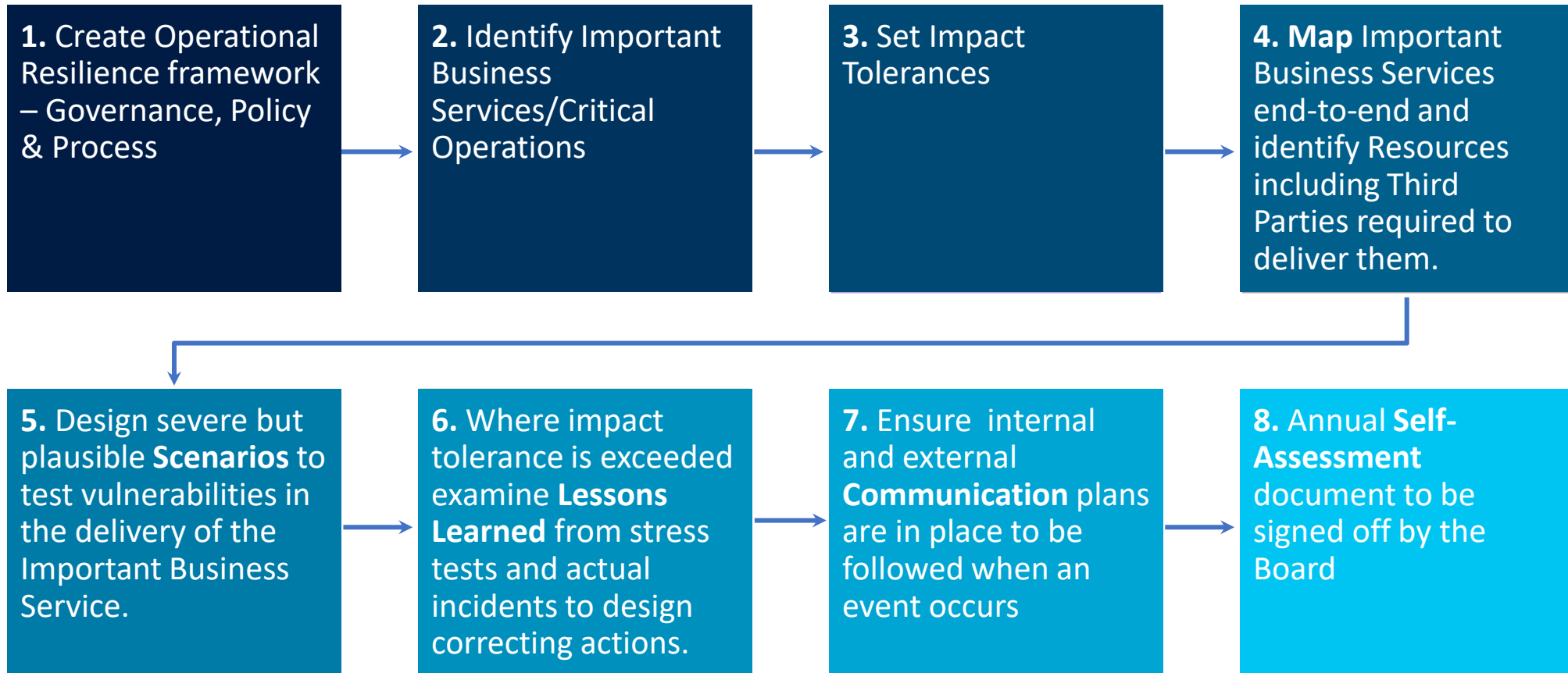
Firms should ensure that they are able to operate within their impact tolerances

- The target date and regulatory expectations are non-negotiable
- Working days to March 2025 –
 - approximately **100**
- If you are not ready this would be a good time to

PANIC



The eight stages



Are you ready?

1

Will you be able to remain within your impact tolerances as soon as reasonably practicable, but no later than 31 March 2025?

2

Do you have all the eight elements in place?

3

Can you demonstrate how your framework has improved?
If you can't it hasn't.

4

Have you leveraged your Operational Risk framework?

5

Are the two frameworks integrated?

6

Does your Board meet regulatory expectations?

Are you ready?

7 Does your Board collectively possess adequate knowledge, skills, and experience to provide constructive challenge to senior management and inform decisions that have consequences for operational resilience?
How would you demonstrate this?

8 Does your self assessment satisfy the regulator's expectations?

9 Do your Important Business Services meet regulatory expectations?

10 Do your impact tolerances meet regulatory expectations?

11 Does your scenario testing meet regulatory expectations?

12 Are your roles and responsibilities consistent with the three lines of defence?

13 Does your management information meet regulatory expectations?

JADEtc can help



Andrew Sheen is best known for the 8 years he spent at the UK regulator, firstly in the FSA and subsequently at the PRA. Andrew was manager of the Operational Risk Policy Team before moving to head the team responsible for providing Operational Risk subject matter expertise to supervisors. Andrew also represented the UK on the BIS Operational Risk Working Group and the EBA Operational Risk Working Group. After the PRA Andrew became Head of Operational Risk Use and Embedding at HSBC and subsequently Head of Operational Risk Regulatory Risk Management at Credit Suisse.



Jimi Hinchliffe has 25 years of experience in operational risk and regulation. Jimi has held several roles at the UK regulator, including as an operational risk policy SME, Basel 2 Technical Specialist and manager of the Basel 2 Implementation team. Jimi was also a supervisor of GSIFI banks and investment firms at the UK regulator. Jimi then held senior positions within the GSIFI MUFG, including as Head of EMEA Regulatory Affairs and Head of Compliance Policy and Risk. Between May 2017 to March 2021 Jimi was Chairman of the IOR in England & Wales. Since 2016 Jimi has been a consultant specialising in operational risk and regulatory advisory and training.



David Goodyear has over 30 years banking experience and has in depth practical experience from both a first and second line perspective gained through senior roles in Risk, Operations and Front Office at a GSIFI Bank. He has designed, led and delivered strategically important projects including Risk Frameworks & Appetite, Governance, Enterprise Risk, Operational Resilience, ORMF and Operations Management. David is Chair of the Executive Committee of the Institute of Operational Risk in England & Wales.

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