

Bank of England

PRA Rulebook

Prudential Regulation Authority Rulebook

Part

Operational Resilience

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Related links

PS6/21 - Operational resilience: Impact tolerances for important business services	https://www.bankofengland.co.uk/prudential-regulation/publication/2018/building-the-uk-financial-sectors-operational-resilience-discussion-paper
PS2/22 - Operational Resilience and Operational Continuity in Resolution: CRR firms, Solvency II firms, and Financial Holding Companies (for Operational Resilience)	https://www.bankofengland.co.uk/prudential-regulation/publication/2021/november/operational-resilience-operational-continuity-in-resolution-amendments
SS1/21 - Operational resilience: Impact tolerances for important business services	https://www.bankofengland.co.uk/prudential-regulation/publication/2021/march/operational-resilience-impact-tolerances-for-important-business-services-ss
SS2/21 - Outsourcing and third party risk management	https://www.bankofengland.co.uk/prudential-regulation/publication/2021/march/outsourcing-and-third-party-risk-management-ss

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SS04/21 - Ensuring operational continuity in resolution	https://www.bankofengland.co.uk/prudential-regulation/publication/2016/ensuring-operational-continuity-in-resolution-ss

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1 Application and Definitions

1.1 Unless otherwise stated:

- (1) other than **Chapter 8**, this Part applies to every **firm** that is a **CRR firm**;
- (2) **Chapter 8** applies to every **CRR consolidation entity**.

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1.2 In this Part, the following definitions shall apply:

external group end user

means a **person** who receives services and who is not a member of the **CRR consolidation entity's consolidation group**.

impact tolerance

means the maximum tolerable level of disruption for an **important business service** or an **important group business service** as measured by a length of time and any other relevant metrics.

important business service

means a service provided by a **firm**, or by another **person** on behalf of the **firm**, to another **person** which, if disrupted, could pose a risk to:

- (1) where the **firm** is, or is controlled by, an **O-SII**, the stability of the **UK** financial system; or
- (2) the **firm's** safety and soundness.

important group business service

means a service provided by a member of the **CRR consolidation entity's consolidation group** to an **external group end user** which, if disrupted, could pose a risk to:

- (1) where any member of the **CRR consolidation entity's consolidation group** is an **O-SII**, the stability of the **UK** financial system; or
- (2) the safety and soundness of any **CRR firm** within the **CRR consolidation entity's consolidation group**.

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1.3 [deleted.]

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2 Operational Resilience Requirements

2.1 A **firm** must identify its **important business services**.

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2.2 A **firm** must set an **impact tolerance** for each of its **important business services**.

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2.3 The **impact tolerance** set for each **important business service** must specify the first point at which a disruption to the **important business service** would pose a risk to:

- (1) where the firm is, or is controlled by, an O-SII, the stability of the UK financial system; or
- (2) the firm's safety and soundness.

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- 2.4 The impact tolerance set for each important business service must specify the length of or point in time, in addition to any other relevant metrics, for which a disruption to that important business service can be tolerated.

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- 2.5 A firm must ensure it can remain within its impact tolerance for each important business service in the event of a severe but plausible disruption to its operations.

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- 2.5A Where a firm is a member of a group, the firm must ensure it accounts for any additional risks arising elsewhere within its group that may affect the firm's ability to comply with 2.5.

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- 2.6 A firm must comply with 2.5 within a reasonable time of the rule coming into effect and in any event by no later than 31 March 2025.

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3 Strategies, Processes and Systems

- 3.1 A firm must have in place sound, effective and comprehensive strategies, processes and systems that enable it adequately to:
- (1) identify its important business services;
 - (2) set an impact tolerance for each important business service; and
 - (3) identify and address any risks to its ability to comply with the obligation under 2.5.

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- 3.2 The strategies, processes and systems required by [3.1](#) must be proportionate to the nature, scale and complexity of the [firm's](#) activities.

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4 Mapping

- 4.1 As part of its obligation under [3.1](#), a [firm](#) must identify and document the necessary people, processes, technology, facilities and information required to deliver each of its [important business services](#).

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5 Scenario Testing

- 5.1 As part of its obligation under [3.1](#), a [firm](#) must carry out regular scenario testing of its ability to remain within its [impact tolerance](#) for each of its [important business services](#) in the event of a severe but plausible disruption of its operations.

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- 5.2 In carrying out the scenario testing required by [5.1](#), a [firm](#) must identify an appropriate range of adverse circumstances of varying nature, severity and duration relevant to its business and risk profile and consider the risks to delivery of the [firm's important business services](#) in those circumstances.

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- 5.3 The scenario testing required by [5.1](#) must be proportionate to the nature, scale and complexity of the [firm's](#) activities.

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6 Self-assessment

- 6.1 A [firm](#) must prepare and regularly update a written self-assessment of its compliance with this Part.

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- 6.2 The content and level of detail of a **firm's** written self-assessment must be proportionate to the nature, scale and complexity of the **firm's** activities, and where applicable to the activities of the **consolidation group** of which the **firm** is a member.

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- 6.3 A **firm** must maintain, and be able to provide to the **PRA** on request, a current version of its written self-assessment, together with all versions produced during the preceding three years.

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7 Governance

- 7.1 A **firm** must ensure that its **management body** approves the **important business services** identified by the **firm** in compliance with **2.1**.

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- 7.2 A **firm** must ensure that its **management body** approves the **impact tolerances** set by the **firm** in compliance with **2.2**.

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- 7.3 A **firm** must ensure that its **management body** approves and regularly reviews the self-assessment required by **6.1**.

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8 Group Arrangements

- 8.1 [deleted.]

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- 8.2 [deleted.]

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8.4 [deleted.]

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8.5 [deleted.]

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8.6 A **CRR consolidation entity** must identify each **important group business service**.

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8.7 A **CRR consolidation entity** must set an **impact tolerance** for each **important group business service**.

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8.8 A **CRR consolidation entity** must assess whether each member of the **CRR consolidation entity's consolidation group** providing each **important group business service** could remain within the **impact tolerance** set for that **important group business service** in the event of a severe but plausible disruption to its operations.

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8.9 The **impact tolerance** set for each **important group business service** must specify the first point at which a disruption to the **important group business service** would pose a risk to:

- (1) where any member of the ***CRR consolidation entity's consolidation group*** is an ***O-SII***, the stability of the ***UK*** financial system; or
- (2) the safety and soundness of any ***CRR firm*** within the ***CRR consolidation entity's consolidation group***.

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- 8.10 The ***impact tolerance*** set for each ***important group business service*** must specify the length of or point in time, in addition to any other relevant metrics, for which a disruption to that ***important group business service*** can be tolerated.

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- 8.11 A ***CRR consolidation entity*** must have in place sound, effective and comprehensive strategies, processes and systems that enable it adequately to:
- (1) identify each ***important group business service***;
 - (2) set an ***impact tolerance*** for each ***important group business service***; and
 - (3) assess whether each member of the ***CRR consolidation entity's consolidation group*** providing each ***important group business service*** could remain within the ***impact tolerance*** set for that ***important group business service*** in the event of a severe but plausible disruption to its operations.

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- 8.12 A ***CRR consolidation entity*** must ensure that its ***management body*** approves:
- (1) the ***important group business services*** identified in compliance with this ***Chapter***;
 - (2) the ***impact tolerances*** set in compliance with this ***Chapter***; and
 - (3) the assessment undertaken in compliance with this ***Chapter***.

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8.13 The strategies, processes and systems required by this **Chapter** must be proportionate to the nature, scale and complexity of the ***consolidation group's*** activities.

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8.14 A ***CRR consolidation entity*** must comply with **8.6** to **8.13** within a reasonable time of the rules coming into effect and in any event by no later than 30 June 2022.

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