



Operational Incident Reporting – Training Session for [...] (the “Firm”)

DELIVERED BY FS REG LIMITED

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Introduction

- ▶ This presentation covers the new operational incident reporting rules introduced by the FCA in its Policy Statement PS26/2 published in March 2026.
- ▶ The rules apply from 18 March 2027 and are contained in the newly created SUP 15.18 (and its related annexes).
- ▶ At a high-level, the operational incident reporting rules:
 1. define what an operational incident is;
 2. set out thresholds for when firms must report an incident;
 3. introduce a standardised reporting process so all firms make a single submission regardless of the regulator(s) the report is for; and
 4. set out how firms will submit standard or enhanced incident reports.
- ▶ This presentation provides a high-level overview of these new operational incident reporting rules.
- ▶ Please note that Policy Statement PS26/2 also introduces new FCA rules relating to material third-party arrangement reporting, which we have only covered briefly in this presentation (as we do not expect such rules to apply to the Firm).

Current Operational Resilience Rules

- ▶ Aside from the new rules concerning operational incident reporting, the FCA Handbook addresses the topic of operational resilience in SYSC 15A, which sets out specific rules requiring firms within its scope to (among other things) develop and keep up to date a testing plan that appropriately details how they can remain within their chosen impact tolerances (ITOLs) for each of their important business services (IBSs).
- ▶ Firms within the scope of SYSC 15A are: (i) enhanced scope SMCR firms; (ii) banks; (iii) designated investment firms; (iv) building societies; (v) Solvency II firms; (vi) UK RIEs; (vii) electronic money institutions, payment institutions and registered account information service providers; and (viii) consolidated tape providers.
- ▶ Our understanding is that the Firm is not a firm within scope of SYSC 15A. Therefore, it is not subject to the prescriptive requirements in that chapter.
- ▶ For completeness, operational resilience rules are also contained in the PRA Rulebook but, as we understand it, the Firm is not subject to such rules as it is not regulated by the PRA.

Material Third Party Arrangements Reporting

- ▶ The new material third party arrangements reporting rules contained in SUP 15.19 set out the FCA's expectations for relevant firms to report significant disruptions or risks arising from their critical third-party providers.
- ▶ Contrary to the operational incident reporting regime (which applies to all firms), the third-party arrangements reporting regime is relevant only to firms that are: (i) enhanced scope SMCR firms; (ii) banks; (iii) designated investment firms; (iv) building societies; (v) Solvency II firms; (vi) CASS large firms; (vii) UK RIEs; (viii) authorised electronic money institutions and payment institutions; and (ix) consolidated tape providers.
- ▶ Our understanding is that the Firm does not fall within the categories of firms to which the material third party arrangements reporting regime applies and therefore it will not be subject to these rules.

Operational Incident Reporting – Status Quo

1. Currently, there is no dedicated framework for operational incident reporting. Instead, reporting obligations are broadly anchored in:
 - ▶ Principle 11, found in rule PRIN 2.1 of the FCA Handbook, which states that a firm must disclose to the FCA appropriately anything relating to the firm of which that regulator would reasonably expect notice; and
 - ▶ SUP 15.3 of the FCA Handbook, which sets out additional rules and guidance on when the FCA would expect notice of matters relating to a firm.
2. Prior to the new rules applying (i.e. until 18 March 2027), the FCA has provided some indicators that will help firms to determine if an incident needs to be reported. These include if the incident: (i) results in a material disruption to the provision of the firm's financial services; (ii) affects a large number of customers; (iii) results in unauthorised access to the firm's information systems; (iv) results in a significant loss of data; or (v) results in the unavailability or control of the firm's IT systems.
3. If an incident is considered to be material, firms can currently report it to the FCA by: (i) contacting the firm's named FCA supervisor (if applicable); (ii) using the firm notification form listed at SUP 15 Annex 4 (SUP 15.7.1); or (iii) following any sector-specific rules or directions that apply (e.g. under SUP 15.14 for payment service providers).