CTP.
The Training Environment

Impact Tolerances, Scenario Tests & Reporting to the Board
Meeting the big Operational Resilience challenges

Course outline and objectives

Firms are currently struggling to implement effective Operational Resilience frameworks ahead of the March 2025 deadline for UK compliance with regulatory expectations. Three areas that are proving most difficult are:

- **Setting impact tolerances,** both at the first point at which disruption to an important business would cause intolerable levels of harm to consumers or risk to market integrity, and also at the point at which further disruption to the important business service would pose a risk to the firm's safety and soundness, and in the case of insurers, policyholder protection;

- **Scenario testing** a firm's ability to remain within their impact tolerances for all of their important business services in the event of a range of adverse scenarios including severe but plausible disruption of its operations;

- **Reporting Operational Resilience** to the senior management and the Board

This interactive workshop will examine ways in which firms can meet the impact tolerance, scenario testing and reporting requirements contained in the Policy Statements issued by the FCA (PS21/3) and the PRA (SS1/21). To achieve this objective the workshop will explore regulatory expectations in these areas, including the insights provided by the various consultation papers produced by the FCA (CP19/32) and the PRA (CP29/19), as well as current practice.

While the course is built around UK regulatory expectations, it will prove beneficial to any non-UK firm tasked with:

- Establishing the firm's risk appetite and tolerance for disruption to its critical operations;
- Using scenarios to test their ability to deliver critical operations through disruption;
- Reporting Operational Resilience

Who will benefit?

This course will benefit everyone directly and indirectly involved in Operational Resilience in the UK and globally, including **Operational Resilience personnel, business continuity managers, COOs, CROs, Non-executive directors, auditors** and **risk officers.**

Training Approach

The course programme will comprise a blend of trainer presentations, group discussion, practical examples and case studies. There will be ample opportunity for questions, experience sharing and networking. All course materials (and at face-to-face events, refreshments) will be provided.

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Course Leaders

The course will be led by **Dr.Jimi Hinchliffe, Dr.David Goodyear** and **Andrew Sheen:**

- **Jimi** has 25 years experience in operational risk and regulation. In almost a decade at the UK regulator, Jimi held several roles, including operational risk policy SME, Basel 2 Technical Specialist, manager of the Basel 2 Implementation team and in 4 years as supervisor, managed relationships with large Japanese and US GSIFI banks and investment firms. Jimi has held senior positions at MUFG, including as Head of EMEA Regulatory Affairs and Head of Compliance Policy, Risk and Regulatory Affairs Department. Since 2016 he has been a consultant specialising in operational risk, resilience and regulatory affairs and has undertaken projects in a variety of topics including Operational Resilience, Third Party Risk Management and Operational Risk.

- **David** has over 30 years experience in the Banking Industry covering senior roles in Operations and Risk Management at MD level having started his career as a dealer in Treasury & Trading. Key areas of expertise include: operations management, resilience, risk appetite framework, operational risk including risk control self-assessment, liquidity risk and contingency plans, recovery and resolution, onboarding of major asset acquisitions, business continuity management, incident management and business impact analysis.

- **Andrew** is best known for the 8 years he spent at the UK regulator, firstly in the FSA and subsequently at the PRA. In his time with these authorities Andrew was manager of the Operational Risk Policy Team before moving to head the team responsible for providing Operational Risk and Governance subject matter expertise to supervisors. Andrew also represented the UK on the Basel Committee for Banking Supervisors Operational Risk Working Group and the European Banking Authority's Operational Risk Working Group. Since retiring Andrew has been actively involved in providing training and advisory services in operational risk, risk governance and operational resilience, outsourcing and enhancing risk management capabilities.

Session	Aim	Content
Introduction to Operational Resilience	To provide a reminder of the core components of an Operational Resilience framework	• The eight components of an Operational Resilience Framework • Agreeing terminology
Setting Impact Tolerances	To provide details of the various appetites and tolerances set by firms and walk through a workshop setting impact tolerance	• Regulatory expectations • The role of the Board • Recovery Time Objectives, Risk Appetite, Customer/Regulatory tolerances • What's your appetite? • Intolerable harm • Safety and Soundness • Can the FCA and PRA tolerances be the same? • Holding an impact tolerance workshop, including an interactive session • The relationship to Consumer Duty's foreseeable harm
Scenario Testing	To present a comprehensive approach that reflects emerging industry practice and provides a pathway to scenario testing compliance by March 2025	• Regulatory expectations • Severe but plausible • Was Covid severe but plausible? • The role of the Board • The FCA's scenarios • The methodology and approach • Information and artefacts • Scenario test output • Holding a scenario testing workshop, including an interactive session
Reporting	To explain how the COO can provide the board with the knowledge they need	• Regulatory expectations • The role of the COO and the Board • Leveraging existing information • Thinking about KRIs • New information • Make it their problem • Traffic lights and speed dials • Creating an example Board report