

## Chapter 15A

# Operational resilience



15A.5      Scenario testing

Testing plan

- 15A.5.1    **R**    A *firm* must develop and keep up to date a testing plan that appropriately details how it will gain assurance that it can remain within the *impact tolerances* for each of its *important business services*.
- 15A.5.2    **G**    *Firms* should ensure that the testing plan takes account of a number of factors, including but not limited to:
  - (1) the type of scenario testing undertaken. For example, whether it is paper based, simulations or through the use of live-systems;
  - (2) the scenarios which the *firm* expects to be able to remain within their *impact tolerances* and which ones they may not;
  - (3) the frequency of the testing;
  - (4) the number of *important business services* tested;
  - (5) the availability and integrity of supporting assets;
  - (6) how the *firm* would communicate with internal and external stakeholders effectively to reduce the harm caused by operational disruptions.

Testing

- 15A.5.3    **R**    A *firm* must carry out scenario testing, to assess 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.
- 15A.5.4    **R**    In carrying out the scenario testing, 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 the delivery of the *firm's important business services* in those circumstances.
- 15A.5.5    **G**    Where a *firm* relies on a third party for the delivery of its *important business services*, we would expect the *firm* to work with the third party to ensure the validity of the *firm's* scenario testing under **SYSC 15A.5.3R**. To the extent that the *firm* relies on the third party to carry out testing of the services provided by the third party to or on behalf of the *firm*, the *firm* should ensure the suitability of the methodologies, scenarios and considerations

		adopted by the third party in carrying out testing. The <i>firm</i> is ultimately responsible for the quality and accuracy of any testing carried out, whether by the <i>firm</i> or by a third party.
15A.5.6	G	<p>In carrying out the scenario testing, a <i>firm</i> should, among other things, consider the following scenarios:</p> <ul style="list-style-type: none"><li>(1) corruption, deletion or manipulation of data critical to the delivery of its <i>important business services</i>;</li><li>(2) unavailability of facilities or key people;</li><li>(3) unavailability of third party services, which are critical to the delivery of its <i>important business services</i>;</li><li>(4) disruption to other market participants, where applicable; and</li><li>(5) loss or reduced provision of technology underpinning the delivery of <i>important business services</i>.</li></ul>
15A.5.7	R	<p>A <i>firm</i> must carry out the scenario testing:</p> <ul style="list-style-type: none"><li>(1) if there is a material change to the <i>firm's</i> business, the <i>important business services</i> identified in accordance with ■ SYSC 15A.2.1R or impact tolerances set in accordance with ■ SYSC 15A.2.5R;</li><li>(2) following improvements made by the <i>firm</i> in response to a previous test; and</li><li>(3) in any event, on a regular basis.</li></ul> <p><b>Lessons learned</b> .....</p>
15A.5.8	R	<p>A <i>firm</i> must, following scenario testing or, in the event of an operational disruption, after such event, conduct a lessons learned exercise that allows the <i>firm</i> to identify weaknesses and take action to improve its ability to effectively respond and recover from future disruptions.</p>
15A.5.9	R	<p>Following the lessons learned exercise, a <i>firm</i> must make necessary improvements to address weaknesses identified to ensure that it can remain within its <i>impact tolerances</i> in accordance with ■ SYSC 15A.2.9R.</p>