

Chapter 1

Commission Delegated Regulation (EU) 2018/959



Article 27 Business Environment and Internal Control Factors

Competent authorities shall assess an institution's compliance with the standards relating to the BEICF as referred to in point (iv) of Article 20(d) by verifying at least the following

- (a) that the institution's BEICF are forward looking and reflect potential sources of operational risk, including rapid growth, the introduction of new products, employee turnover and system downtime;
- (b) that the institution has clear policy guidelines that limit the magnitude of reductions in the AMA own funds requirements resulting from BEICF adjustments;
- (c) that the BEICF adjustments referred to in point (b) are justified and that the appropriateness of their level is confirmed by comparison, over time, with the direction and magnitude of actual internal loss data, conditions in the business environment and changes in the validated effectiveness of controls.