

Chapter 4

Operational risk and resilience requirements

4.8 Requirement 7: Incident management

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A *critical third party* must manage effectively *CTP operational incidents* including by:

- (1) implementing appropriate measures to respond to and recover from *CTP operational incidents* in a way that minimises the impact, or potential impact, on the stability of, or confidence in, the *UK financial system*;
- (2) setting an appropriate maximum tolerable level of *disruption* to each *systemic third party service*;
- (3) maintaining and operating an *incident management playbook*, the first version of which must be in place within 12 *months* of the *critical third party* being designated by the Treasury, which sets out the plans and procedures to be followed by the *critical third party* in the event of a *CTP operational incident* in order to:
 - (a) respond to and recover from the *CTP operational incident*; and
 - (b) facilitate effective communication with, and support to, the *regulators* and *affected firms* (individually and collectively); and
- (4) cooperating and coordinating with the *regulators* and *affected firms* in response to *CTP operational incidents*, including through *collective incident response frameworks*.