



# DORA – safeguarding the resilience of finance

Joint ESAs public event on DORA

6 February 2023

*Mattias Levin*

*Directorate-General for Financial Stability, Financial Services  
and Capital Markets Union*

# Background

- Financial sector increasingly dependent on technology / tech companies for provision of financial services
- Makes financial sector vulnerable to problems with underlying tech, e.g. caused by cyber attacks
- Cyber risks partially addressed at EU level:
  - General rules: partial application finance, unevenly implemented
  - Financial services rules: patchy, inconsistent, fragmented

# Upgrade EU rules to promote resilience

- Dedicated framework to safeguard digital operational resilience for finance – DORA [2022]
- Links to general framework
  - Substitutes (core provisions) via *lex specialis* status
    - NIS2 – Directive on measures for a high common level of cybersecurity [2022]
  - Complements
    - CER – Directive on resilience of critical entities [2022]
    - CSA – Cybersecurity Act [2019]
    - CRA – Cyber Resilience Act [under negotiation]

# Scope

- Wide range of financial entities regulated at EU level
  - credit institutions; payment institutions; account information service providers, electronic money institutions; central securities depositories; central counterparties; investment firms; trading venues; trade repositories; data reporting service providers; managers of alternative investment funds and management companies; insurance and reinsurance undertakings; insurance and reinsurance intermediaries and ancillary insurance intermediaries; institutions for occupational retirement provision; administrators of critical benchmarks; securitisation repositories; actors in the crypto-assets area (crypto assets service providers, issuers of asset-referenced tokens); crowdfunding service providers; credit rating agencies.
- Exemptions and proportionality
  - Exemptions or simpler rules foreseen by the sector rules in the financial services acquis
  - Microenterprises

# DORA – main pillars

## ICT risk management

- Set of key principles and requirements on ICT risk management framework

## ICT-related incident reporting

- Harmonise and streamline reporting + extend reporting obligations to all financial entities

## Digital operational resilience testing

- Subject financial entities to basic testing or advanced testing (e.g. TLPTs)

## ICT third-party risk

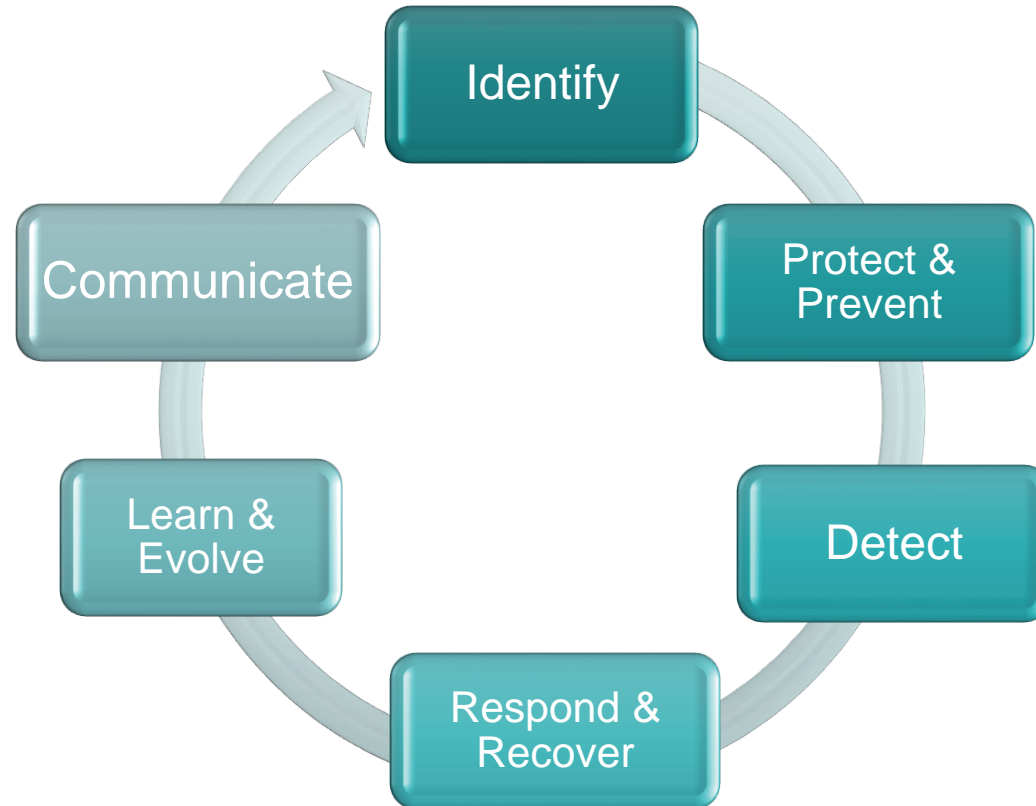
- Principle-based rules for monitoring third-party risk, key contractual provisions + oversight framework for critical ICT TPPs

## Information sharing

- Voluntary exchange of information and intelligence on cyber threats

# 1. ICT risk management

(Articles 5-16)



## 2. Incident reporting (Articles 17-23)

### General requirements

- Establish and implement a management process to monitor and log ICT-related incidents
- Classify ICT-related incidents based on criteria set out in DORA and to be further developed by the ESAs

### Reporting of major ICT-related incidents to competent authorities

- To national competent authorities (NCAs)
- Harmonized reporting content and templates
- Initial notifications, intermediate and final reports
- NCAs to provide details to institutions and authorities (ESAs, ECB, NIS2 authorities)
- Voluntary notification of significant cyber threats to NCAs

# 3. Testing

(Articles 24-27)

## Basic testing

- All financial entities

## Advanced testing

- Financial entities identified by competent authorities
- Tests done every 3 years, frequency can be adjusted by CAs
- Mutual recognition of TLPT results
- Use of external and internal testers (with safeguards)



# 4. Third party risk

(Articles 28-44)

## General principles

- Full responsibility of the financial entity
- Strategy on ICT third-party risk
- Register of Information
- Preliminary assessment of concentration risk...

## Harmonisation of key elements of relationship with ICT third-party service providers

- Description of functions and services;
- Indication of the location / storage of data
- Assistance by the ICT third-party service provider
- Right to monitor and inspect...

## Union Oversight framework for critical ICT third-party service providers

- Designation by the ESAs
- ESAs as Lead Overseers with powers to monitor & issue recommendations
- Oversight Forum - cross-sectoral coordination on all ICT risk matter and preparatory work for individual decisions and collective recommendations
- Joint Oversight Network – coordination between LOs

# DORA – latest developments

- **Level 1**

- Publication in the Official Journal in December 2022
- Entry into force 20 days after – applicable from 17 January 2025

- **Level 2**

- ESAs to develop level 2 acts further specifying certain requirements (2024)
- Commission to propose delegated acts (criticality, oversight fees) based on ESA advice (2024)

# Thank you



© European Union 2023

Unless otherwise noted the reuse of this presentation is authorised under the [CC BY 4.0](https://creativecommons.org/licenses/by/4.0/) license. For any use or reproduction of elements that are not owned by the EU, permission may need to be sought directly from the respective right holders.

Slide xx: [element concerned](#), source: [e.g. Fotolia.com](#); Slide xx: [element concerned](#), source: [e.g. iStock.com](#)

