



Outsourcing functions to the Cloud

On 7 July 2016 the Financial Conduct Authority (FCA) published the final version of its guidance paper for firms seeking to outsource functions to the Cloud¹, following a consultation period that started in November 2015.

As set out in the [PRA note of 12 November 2015](#), dual-regulated firms seeking to outsource to the Cloud, or any similar arrangements, are reminded of the Fundamental Rules² and requirements as set out in the relevant parts of the PRA Rulebook³, under which they are obliged to notify the regulators of anything they would expect reasonable notice. With this in mind, dual-regulated firms considering outsourcing critical or important functions to a third-party IT provider, including to the Cloud, should liaise with their usual supervisory contact at the earliest opportunity.

Dual-regulated firms may also want to refer to PRA publications such as [Supervisory Statement 19/13 'Resolution planning', January 2015](#) and [Consultation Paper 38/15 'Ensuring operational continuity in resolution', October 2015](#).

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¹ In its paper the FCA defines Cloud as “The ‘cloud’ is a broad term, and stakeholders have interpreted it differently. The FCA sees the ‘cloud’ as encompassing a range of IT services provided, in various formats, over the internet. This includes for example, private, public or hybrid ‘cloud’ and Infrastructure as a Service (IaaS), Platform as a Service (PaaS) and Software as a Service (SaaS). Cloud services are evolving all the time”.

² In particular [Fundamental Rule 7](#).

³ The relevant requirements are set out in the Outsourcing Part of the PRA Rulebook for Capital Requirements Regulation (CRR) firms and in SYSC Chapter 8 (Outsourcing) for non-CRR firms. Until Solvency II is implemented, the equivalent provisions for insurers are SYSC 3.2.4G and 13.9. <http://www.prarulebook.co.uk/rulebook/Content/Part/214147>.