



PRA109 - Operational continuity

General information

Operational continuity firms¹ should complete the following mandatory fields:

- the basis of their reporting;
- the submission number – firms should enter ‘1’ and increase this number by ‘1’ in case of resubmission;
- the unique ‘firm reference number’ (FRN) of the operational continuity firm, as provided by the Financial Conduct Authority (FCA);
- the legal entity identifier (LEI) of the operational continuity firm;
- the legal entity name of the operational continuity firm;
- the reporting period start and end dates; and
- the reporting currency – operational continuity firms should report in the currency of their annual audited accounts.

Units

All amounts should be reported in absolute non-truncated values. Where values correspond to percentages, these should be entered to two decimal places.

Data elements

The data elements are referred to by row (r), column (c) and sheet (s). In the excel representation of PRA109 rows, columns and sheets represent the y, x and z axes respectively.

Overview

The template should be completed by an operational continuity firm annually. If the operational continuity firm uses more than one group provider² then it is expected to identify each group provider within the same template. If a group³ includes more than one operational continuity firm, a template should be completed by each operational continuity firm. One operational continuity firm can submit templates to the PRA on behalf of other operational continuity firms.

The template is structured in four parts:

- **Part 1: Operational costs**
This part sets out the annual costs associated with carrying on the operational activities of the group provider(s) with which the operational continuity firm has a

¹ Operational continuity firm means a firm that the Operational Continuity Part of the PRA Rulebook applies.

² Group provider means in relation to a firm: (1) a member of its group that provides critical services to it; or (2) the firm itself if one of its business units provides the critical services to it.

³ As defined in section 421 of the Financial Services and Markets Act 2000.

service arrangement. This includes: i) a detailed breakdown of the group provider(s) costs related to the provision of critical services⁴ to the operational continuity firm (c020:c140); and, ii) the group provider(s) costs related to the provision of other services to the operational continuity firm, and the costs of service provision to other group entities (c190:c210).

There should not be double counting between categories. In accordance with Operational Continuity 3.3, the cost reported should be predictable, transparent and set on arm's length terms.

Rows: the name of all group provider(s) the operational continuity firm has a service arrangement with should be listed in r999. r999 is an open row. If the operational continuity firm receives critical services from itself, it should be listed as the first group provider in r999, with other group providers listed after.

Columns: the key operational cost components are set out in the columns. If a group provider does not have significant operational costs for specific categories identified in c020 and c060:c130, the firm must report 'zero' in the relevant cell. Costs that are not significant or not easily categorised must be reported within the 'other' category in c140.

- **Identification of group provider** in c010 is the identification of the group provider listed in r999. c010 should identify the corresponding LEI for the group provider identified in the row. Firms should provide the LEI as default. Where an LEI does not exist, firms should use a specific code (SC) (ie this may be a non-LEI identification code). If an SC is used it must be consistent from one reporting period to the next.

LEI's must be completed by using the LEI/ prefix followed by the 20 character LEI code ie LEI/YUEDD7W89PH0FV8Q2S28 (YUEDD7W89PH0FV8Q2S28 is an example LEI). Specific codes must be completed by using the SC/ prefix followed by the relevant code ie SC/123456ABC (123456ABC is an example of specific code).

- **Total people costs** in c020 is the sum of c030:c050.
 - **of which: salaries** in c030 includes fixed costs (including guaranteed bonuses) of all directly employed, temporary, contracted, and indirectly allocated or transferred operations staff costs associated with critical services provided by the group provider to the operational continuity firm.

⁴ Critical services means activities, functions or services performed for one or more business units of the firm or for the firm and another member of its group, whether by the firm itself, any other group member or a person outside the firm's group, the failure of which would lead to the collapse of or present a serious impediment to the performance of the firm's critical functions.

- **of which: bonuses/discretionary** in c040 includes costs (such as discretionary bonuses, commissions, benefits, recruitment, training, severance and retention) of all directly employed, temporary, contracted and indirectly allocated or transferred operations staff costs associated with critical services provided by the group provider to the operational continuity firm.
- **of which: pension** in c050 includes the annual costs of employer contributions for staff undertaking critical services provided by the group provider to the operational continuity firm.
- **Real estate/occupancy** in c060 includes all expenses related to the rental, lease depreciation, maintenance or running of property used by the operations functions for critical services provided by the group provider to the operational continuity firm. Where the property is shared, the group provider should be able to identify and explain the basis for the allocation.
- **IT/machinery** in c070 includes all annual costs either as expensed items or where capitalised in the form of depreciated costs related to the critical services provided by the group provider to the operational continuity firm.
- **Legal/litigation** in c080 includes the annual legal costs or damages related to operational processes for critical services provided by the group provider to the operational continuity firm.
- **Outsourcing** in c090 includes the annual cost of the group provider utilising services from another service provider within the group or an external provider in order to provide critical services to the operational continuity firm.
- **Printing/stationery** in c100 includes the annual costs of printing and stationary costs for running the critical services provided by the group provider to the operational continuity firm.
- **Travel/entertainment** in c110 includes the annual costs of travel/entertainment for the operational staff undertaking the critical services provided by the group provider to the operational continuity firm.
- **Marketing** in c120 includes any advertising and marketing costs which the group provider is responsible for related to critical services provided to the operational continuity firm.
- **Licencing** in c130 includes any annual costs associated with licencing used for the critical services provided by the group provider to the operational continuity firm, such as software licences.

- **Other** in c140 includes any other annual operational costs related to critical services provided by the group provider to the operational continuity firm that are not captured in the categories listed in c020 or c060:c130.
- **Total operational costs** in c150 includes the group provider's annual fixed overheads, plus any overheads that can be excluded from annual fixed overheads as per the list in paragraph 5.6 of SS9/16.⁵ c150 is the sum of c160 and c190.
 - **of which: critical services** in c160 is the sum of c020 and c060:c140.
 - **of which: annual fixed overheads** in c170 includes the costs reported in c160 excluding, where appropriate, the costs set out in paragraph 5.6 of SS9/16. c170 is equal to c160 minus c180.
 - **of which: costs that can be excluded from annual fixed overheads as per paragraph 5.6 of SS9/16** in c180 is the sum of costs that can be excluded from annual fixed overheads. c180 is equal to c160 minus c170.
 - **of which: other services** in c190 includes the total operational costs of the group provider that do not relate to critical services provided to the operational continuity firm. C190 is equal to c150 minus c160.
 - **of which: annual fixed overheads** in c200 should be costs reported in c190 excluding, where appropriate, the costs set out in paragraph 5.6 of SS9/16. c200 is equal c190 minus c210.
 - **of which: costs that can be excluded from annual fixed overheads as per paragraph 5.6 of SS9/16** in c210 is the sum of costs that can be excluded from annual fixed overheads. c210 is equal c190 minus c200.
- Part 2: Financial resilience

This part summarises the liquidity resource amount held to meet the expectation in paragraph 5.5 of SS9/16 in respect of each group provider with which the operational continuity firm has a service arrangement. Each group provider should, as a minimum, hold liquidity resources equivalent to 50% of annual fixed overheads of the critical services provided to the operational continuity firm.

Rows: the name of all group provider(s) the operational continuity firm has a service arrangement with should be listed in r999. r999 is an open row. Group provider(s) should be listed in the same order as identified in part 1.

⁵ PRA Supervisory Statement 9/16 'Ensuring operational continuity in resolution' July 2016: www.bankofengland.co.uk/prs/publications/ss/2016/ss916.aspx.

Columns: The key components of the table include.

- **Identification of group provider** in c010 is the identification of the group provider listed in r999. See instructions for entity identification in part 1.
 - **Liquidity resource expectation** in c020 includes the liquidity resource amount that needs to be held by the group provider to meet the liquidity resource expectation in numerical terms. This should be, as a minimum, equal to 50% of the annual fixed overheads of the critical services provided by the group provider to the operational continuity firm. But, could be larger depending on the assessment of the wider risks/costs that the group provider may be exposed to in a stress or resolution event. This number should reflect what the operational continuity firm thinks the group provider should be holding to meet the expectation.
- Part 3: Financial resilience resources
This part summarises the amount, type and location of the liquidity resources that each group provider has to meet the liquidity resource expectation for provision of critical services to the operational continuity firm.

Sheet per group provider: should identify the name of the group provider(s) with which the operational continuity firm has a service arrangement. There should be an individual sheet (tab) per group provider arrangement.

Rows: the resource types that the group provider is holding to meet the liquidity resource expectation should be identified in r999. r999 is an open row. The types of resources the group provider can hold are set out in paragraph 5.8 of SS9/16.

Columns: The key components of the table include.

- **Identification of group provider** in c010 is the identification of the group provider identified in the sheet. See instructions for entity identification in part 1.
- **Name of entity holding resources** in c020 includes the name of the entity holding the liquidity resources for the group provider - this could be the group provider, the operational continuity firm, a group entity, the parent entity, or an external third party. The location of the liquidity resources should meet the expectation in 5.7 of SS9/16 to ensure that liquidity resources for the provision of critical services are segregated from other group liquid assets.

- **Identification of entity holding resources** in c030 is the identification of the entity in c020. See instructions for entity identification in part 1.
- **Resource amount** in c040 relates to the monetary amount of the particular type of resource held.
- Part 4: Recharge cost
This part should identify the annual costs of services charged from the group provider back to entities within the group and vice versa (including, but not limited to, the operational continuity firm). In accordance with Operational Continuity 3.3, the cost reported should be predictable, transparent and set on arm's length terms.

The aim of this section is to understand payments across the group, which may have a material impact on the group provider, should the income fail to be provided in resolution. This section potentially overlaps with some of the costs identified in part 1.

Sheet per group provider: should identify the name of the group provider(s) with which the operational continuity firm has a service arrangement. There should be an individual sheet (tab) per group provider arrangement.

Rows: the name of the group entity(entities) with which the group provider has a service arrangement with should be identified in r999. r999 is an open row.

Columns: The key components of the table include.

- **Identification of group provider** in c010 is the identification of the group provider identified in the sheet. See instructions for entity identification in part 1.
- **Identification of group entity** in c020 is the identification of the group entity identified in r999. See instructions for entity identification in part 1.
- **Amount received** in c030 includes the inward flow of income to the group provider, resulting from charging group entities for the provision of services.
- **Amount paid** in c040 includes the outward flow of income that the group provider pays to other group entities for the services it receives.