



**COMPLIANCE**  
CONSULTANT



**Compliance**  
**Doctor**

# FAQs

## PS24/16 Operational Resilience CTP to UKFS



## **FAQ: CTP Oversight Regime FAQ**

### **What is a Critical Third Party (CTP)?**

A Critical Third Party (CTP) is a third-party service provider whose failure or disruption of services could threaten the stability or confidence in the UK financial system. HM Treasury (HMT) has the power to designate a third party as a CTP based on this criterion.

### **What is the purpose of the CTP oversight regime?**

The CTP oversight regime aims to manage risks to the stability and confidence in the UK financial system that could arise from the failure or disruption of services provided by CTPs to firms. This includes authorised persons, relevant service providers, and financial market infrastructure entities.

### **How does the CTP oversight regime affect firms?**

The regime doesn't impose additional requirements on firms but complements existing operational resilience and third-party risk management obligations. Firms remain responsible for managing risks associated with outsourcing or third-party arrangements, including those with CTPs. Designation as a CTP doesn't inherently imply greater resilience or suitability.

### **What are Systemic Third-Party Services?**

Systemic third-party services are those provided by a CTP to firms, where disruption or failure could threaten the stability or confidence in the UK financial system. The identification of systemic third-party services considers factors such as the potential impact on firms' important business services (IBSs) and the overall interconnectedness of the financial system.

### **What is the Shared Responsibility Model and its limitations in managing systemic risk?**

The shared responsibility model defines the responsibilities of parties involved in a transaction. However, it doesn't account for the systemic impact of a CTP's failure to meet its responsibilities on multiple firms and the interconnected financial system. This limitation necessitates the CTP oversight regime to address systemic risks.

### **What are the key Operational Risk and Resilience Requirements for CTPs?**

CTPs need to comply with several Operational Risk and Resilience Requirements, including:

- **Governance:** Establish clear governance processes and roles for managing the resilience of systemic third-party services.
- **Mapping:** Identify and map resources and dependencies essential for delivering systemic third-party services.
- **Testing:** Conduct regular scenario testing to ensure the continuity of systemic third-party services within the maximum tolerable level of disruption.
- **Incident Management:** Develop an incident management playbook outlining communication and support procedures for firms and regulators during incidents.

### **What are Incident Management Playbook Exercises?**

CTPs must conduct Incident Management Playbook Exercises to assess the effectiveness of their incident management procedures. These exercises involve simulating a CTP operational incident and engaging with a sample of firms receiving systemic third-party services to identify and remediate areas for improvement.

### **What are the restrictions on a CTP's use of designation in marketing?**

CTPs cannot use their designation as a mark of regulatory approval or endorsement or imply that their services are superior to non-designated providers. However, they can publicly state their designation by HMT, oversight by regulators, and the systemic third-party services provided to firms.

# Why Compliance Consultant?

## Our Services

1. **FCA Authorisation Application Support: Streamline VOPs and related processes.**
2. **Tailored Compliance Advisory Services:**
  - Risk Evaluation
  - Strategic Business Expansion
  - Rigorous Governance Analysis
  - Detailed File Audits
  - Wind Down Planning
  - Bespoke Technical Support
  - Focused Training Programs
  - Annual Reporting (RegData)
  - Oversight of Financial Promotions
  - Strategies for Vulnerable Persons & Consumer Duty
3. **Continuous Compliance Monitoring: Align with FCA's vigilant oversight.**
4. **Dynamic Regulatory Change Management: Stay at the forefront of compliance.**
5. **In-Depth Compliance Training and Education: Build a culture of compliance.**
6. **Proactive Risk Assessment & Management: Identify and curb regulatory risks, particularly in consumer credit activities.**

## Why Choose Us?

Our tailored solutions have helped numerous firms achieve regulatory excellence, ensuring they remain compliant while focusing on business growth. Clients have praised our fast response times, in-depth knowledge, and proactive support.

Ask about our £9,999+ bonuses for new clients - Our Latest Offer

Email: [info@complianceconsultant.org](mailto:info@complianceconsultant.org)

Tel: **0800 689 0190**