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Digital Operational Resilience Act (DORA)

What is the Digital Operational Resilience Act (DORA)?

DORA aims to achieve a **high common level of digital operational resilience** of **financial entities** in the EU.

It establishes uniform requirements for the **security of network and information (ICT) systems** supporting the business processes of financial entities.

The requirements applicable to financial entities include:

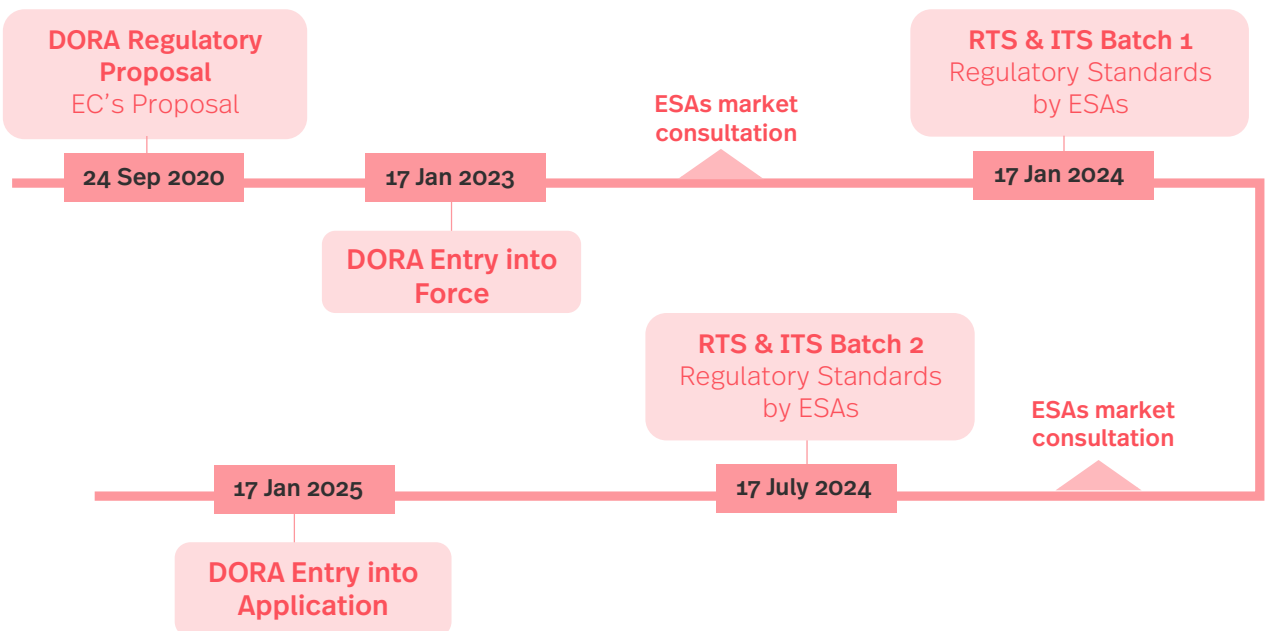
- ICT risk management
- Reporting of major ICT-related incidents
- Digital operational resilience testing
- Information and intelligence sharing related to cyber threats and vulnerabilities
- Measures for managing ICT third-party risk

In addition, DORA sets out:

- Requirements for contractual arrangements between ICT third-party service providers and financial entities
- Rules for the establishment and conduct of an Oversight Framework for critical ICT third-party service providers

Timeline

- DORA entered into force on **17 January 2023**.
- DORA will generally become applicable as of **17 January 2025**.



Scope

Financial entities

Among others:
- Credit institutions
- Payment institutions
- Electronic money institutions
- Investment firms
- Insurance/reinsurance undertakings
- Management companies
- Crypto-asset service providers
- Trading venues
- Crowdfunding service providers
- Data reporting service providers
- Credit rating agencies

ICT third-party service providers

'Undertaking providing ICT services'

ICT services:
'Digital and data services provided through ICT systems to one or more internal or external users on an ongoing basis, including hardware as a service and hardware services which includes the provision of technical support via software or firmware updates by the hardware provider, excluding traditional analogue telephone services'.

To be understood broadly → including among others:
- Cloud computing services
- Software
- Data analysis services
- Providers of data centre services

General obligations

Financial entities

- ICT risk management
- ICT-related incident reporting
- Digital operational resilience testing
- Information exchange
- **Managing of ICT third-party risk**

Before entering into a contractual agreement on the use of ICT services, financial entities shall carry out an assessment:
- **Suitability** of the ICT third-party service provider (Selection and assessment process)
- **ICT service** supporting a critical or important function
- Increased **ICT concentration risk** (for critical/important functions)

⇒ ICT third-party service provider is **not easily substitutable**

⇒ **Multiple contractual arrangements** in relation to the provision of ICT services supporting **critical or important functions** (!) with the **same ICT third-party service provider** (or with closely connected ICT third-party service providers)

How can I prepare for DORA?

Financial entities

- Put an **ICT risk management framework** in place that complies with DORA
- **Monitor third-party risk** throughout the contractual relationship with an ICT service provider
- Ensure compliance with **mandatory contractual provisions** for contracts involving critical or important functions required by DORA

How we can help

Guidance in creating a robust compliance framework

Regulatory analysis and strategic planning

DORA toolkit covering key issues

Wealth of experience in supporting on DORA implementation

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