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Insights



Changed incident reporting routines



Most financial companies are required to report serious incidents to the Swedish Financial Supervisory Authority (“SFSA”). To comply with this financial companies should ensure that it has effective routines in place to be able to report incidents to the SFSA. Depending on the license held by the company, different regulations and guidelines apply for incident reporting. February 19th 2020 the SFSA introduced a number of amendments to their incident reporting routine which affects companies to which these reporting requirements are applicable.

Background – Incident reporting

A majority of financial companies authorized by the Swedish Financial Supervisory Authority (“SFSA”) are required to report serious incidents that arise in the company’s operations to the SFSA. Depending on the company’s license reporting is required when events of material significance and/or major operational and security incidents in payment services occur. The process of reporting these types of incidents are regulated by guidelines and regulations issued by the SFSA.

The SFSA’s general guidelines regarding reporting of events of material significance (FFFS 2018:5) which for instance is applicable to banks and credit institutions, mortgage institutions, consumer credit institutions and institutions for electronic money, intends to ensure that companies authorized by the SFSA report events that could lead to such a change in its financial situation that it would not be able to fulfil its commitments with respect to its customers or events that could lead to significant loss for a large number of customers. The board of directors or equivalent decision-making body should establish routines to manage and report events of material significance.

For companies authorized to provide payment services, the SFSA’s regulations regarding activities of payment service providers (FFFS 2018:4) apply when it comes to incident reporting. A payment service provider should report major operational incidents and security incidents that has arisen in its operations to the SFSA. Reporting shall be done in

three steps according to a form provided by SFSA:

- A. Initial report – filed within 4 hours after detection of the incident. (A-report).
- B. Intermediate report – filed when there is updated information, at the latest within 3 days from the initial report. (B-report).
- C. Final report – filed, at the latest, within 2 weeks from the time when the operations normal after the incident (C-report).

Due to these regulations it’s important that financial companies establish a framework to maintain effective incident management procedures, including for the detection and classification of major operational and security incidents.

On February 19th 2020 the SFSA introduced a number of adjustments to the incident reporting routines, especially related to FFFS 2018:5. The changes were not made in the actual guidelines, but only communicated by the SFSA in a press release and new template for the reporting published in the SFSA’s website.

What changes have been made?

Companies which fall within the scope of FFFS 2018:5 should use a new form for reporting events of material significance. According to the new form, reporting should be done in three steps similar to the routine regarding report of major operational incidents and security incidents for payment service providers:

- A. Initial report – filed within 4 hours after detection of the incident. (A-report).

- B. Intermediate report – filed when there is updated information, at the latest within 3 days from the initial report. (B-report).
- C. Final report – filed, at the latest, within 2 weeks from the time when the operations normal after the incident (C-report).

Additionally, Credit institutions belonging to supervisory category 1 or 2 also need to report certain types of serious incidents immediately by phone to the SFSA’s on-call number or to the SFSA’s officer on duty (*Tjänsteman i beredskap, TiB*) at SOS Alarm (G-report). A G-report is required for particularly serious incidents that due to critical time factors demand the SFSA’s immediate attention.

The SFSA has introduced a new e-mail address for reporting events of material significance and major operational and security incidents: incidentrapportering@fi.se

The SFSA has also launched a new website regarding incident reporting including an incident reporting guide for credit and payment institutions.

During a press conference, regarding the sanction decision on Swedbank, held by the SFSA on March 19th 2020 the SFSA also mentioned that further changes regarding incident reporting may take place in the near future.

What actions should be taken?

The SFSA’s changes regarding incident reporting may require that the companies concerned need to update its internal and

external processes for incident reporting. The companies should ensure that they have effective and adequate routines (i.e. internal rules, system support and templates) in place for identifying and reporting incidents to the SFSA.

Additionally, companies that provide both payment services and other financial services need to establish what parts of the operations that constitute payment services in order to determine if reporting is needed according to FFFS 2018:5 or FFFS 2018:4.

Finally, companies should ensure that the routines are communicated to relevant employees within the company. It is crucial that the incident reporting process is functioning as planned due to the time restraint of the initial report to the SFSA. The new template for reporting of incidents of material significance requires much more in terms of readiness for reporting after an incident has been detected as a result of the need to report within 4 hours.

FCG’s services

FCG has previous experience of working with various licensed companies with reporting responsibilities. FCG can assist throughout the entire process, from drafting routines for incident reporting to implementing these in the business.

If you have any questions on how your company should approach the changed incident reporting routines or need assistance in coming projects, please contact us at FCG and let us discuss how we can assist you in the best way possible!

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