



TOPICS:

Operational risk

SOURCE:

European Banking Authority

The EBA Consults on Draft Technical Standards on Institutions' Operational Risk Management

- This consultation proposes Regulatory Technical Standards (RTS) under Article 323 CRR establishing **a harmonised and proportionate framework for operational risk management** across EU institutions. The framework is structured around **three components**: governance, operational risk management processes and the operational risk assessment system. The consultation runs **until 31 December 2026**.
- **Management bodies** must approve the operational risk framework and risk appetite and oversee the institution's risk profile. **Senior management** must implement the framework and translate risk appetite into appropriate limits. Institutions must also maintain an **independent operational risk management function** within the second line of defence, with sufficient authority, resources and expertise.
- **Operational risk management must be embedded in day-to-day activities** and cover identification, assessment, monitoring, control, mitigation and reporting. Institutions should use loss and incident data alongside forward-looking tools such as risk and control assessments, scenario analysis and stress testing. The RTS also strengthen requirements concerning **risk taxonomy, data quality, reporting, internal validation and audit**.
- **Proportionality** is primarily based on a EUR 750 million business indicator threshold. Institutions above this threshold face more extensive data, monitoring and reporting requirements, including annual framework reviews and at least quarterly management-body reporting. Smaller institutions benefit from simplified requirements.
- The RTS are aligned with **DORA**, allowing institutions to rely on existing DORA arrangements where they satisfy equivalent requirements.

