

## FSB FIRE

### GFMA Responses to Consultation Report Questions

- I. **General Feedback:** *General comments on FIRE design (elaborate on preconditions necessary for FIRE to be successful (i.e., extent of uptake by individual authorities, extent of convergence).*

#### **FSB Should Facilitate Widespread Adoption of FIRE; Absent Adoption, FIRE May Still Be Beneficial**

The Consultation Report suggests that “[e]ven if not adopted by a single jurisdiction, FIRE could serve as a common format for financial institutions to map against.” [Consultation Report, at 2.] GFMA believes that widespread and consistent regulator adoption is critical for the realization of the intended benefits of a standardized, streamlined incident reporting system. GFMA therefore urges the FSB to advocate strongly for authorities to adopt FIRE. Understanding that there will be challenges associated with adopting FIRE, GFMA recommends that FSB considers a phased implementation approach to facilitate broad uptake.

FIRE’s greatest potential benefit is to reduce current fragmentation in incident reporting across jurisdictions. This potential can only be realized if: (a) the template focuses on gathering factual information rather than calling for speculative responses or value judgments; and (b) authorities are willing and able to adopt FIRE. For financial entities that are already subject to multiple inconsistent incident notification and reporting requirements, uneven or limited regulator adoption would impose increased reporting costs, as reporting entities would have to maintain existing reporting processes for jurisdictions that maintain the status quo and build additional processes to accommodate FIRE in jurisdictions that adopt it. Continued engagement between the members and observers of the FSB (e.g., IMF), other global standard setters, and industry to help support adoption is essential. GFMA is committed to facilitating such engagement, and is encouraged that the Bank of England’s Consultation Paper on Operational Incident and Outsourcing and Third-Party Reporting (BOE CP17/24) states that the proposed reporting template “has been designed to be as interoperable as possible with ... future regimes, such as ... the Financial Stability Board’s Format for Incident Reporting Exchange.”

GFMA also agrees with the Consultation Report that, in the interim as authorities consider adopting it, FIRE still benefits financial institutions. GFMA believes this will, in practice, be limited to providing a distillation of existing reporting forms/information fields that institutions could leverage as a common reference point when making standalone reports to various competent authorities.

GFMA supports the timely finalisation of FIRE so that jurisdictions that are implementing new or updating existing reporting formats can utilize it. GFMA is aware that extensive

adoption will be challenging and take time, particularly as companies prepare to comply with requirements in the EU's Digital Operational Resilience Act in January 2025. GFMA therefore would support phased adoption, initially focused on non-EU jurisdictions before subsequently trying to more closely align FIRE to DORA and *vice versa*.

As stated above, GFMA believes that FIRE's core value depends on widespread and consistent regulator adoption and GFMA would support a phased adoption process if the FSB believes that to be the most effective way to drive uptake.

### ***FIRE Should be the End Point for Reporting Fields, Not the Starting Point***

While GFMA supports widespread and consistent adoption of FIRE, it is crucial that jurisdictions that adopt it do so understanding that FIRE represents a ceiling and not a floor for the number of reporting fields. As explained above, FIRE's most positive impact would be to standardize reporting and reduce fragmentation. Realizing this benefit would be impossible in practice if authorities adopted FIRE only to proliferate additional or inconsistent reporting fields. As noted in comments from the Institute of International Finance, additional data elements that are beyond the scope of FIRE would create more fragmentation. As such, GFMA urges the FSB to make clear in its final report that FIRE is meant to be the end point rather than the starting point for authorities and, as noted further below, optional fields should be used sparingly to avoid creating yet further fragmentation.

### ***Reconsider the Number of Optional Reporting Fields***

Of FIRE's 99 reporting fields, 51 items are not marked as "essential." [See Consultation Report, Annex B, at 48–51.] As noted in comments from the Institute of International Finance, the number of optional fields and partial implementation can be a barrier to the ultimate goal of consistent reporting templates. As such, GFMA recommends that FSB reconsider these optional fields so that FIRE has the minimum number of fields necessary to achieve broad-scale convergence.

GFMA members believe the following factors should be reconsidered before finalizing the format:

***First, jurisdictions that currently have relatively less prescriptive or limited notification content requirements may impose more onerous reporting requirements by electing to make what are "optional" fields in the proposed FIRE framework mandatory.*** Under this framework, regulators would have the ability to implement these items at their discretion. Such optionality could result in perpetuating and exacerbating existing issues with disparate reporting templates. Including so many optional fields could have unintended consequences of *increasing* the reporting burden for financial entities rather than decreasing it, and at the same time undermining the value of the potential adoption of a single (largely) unified reporting format by authorities globally. As such,

financial entities may find themselves facing the same (or an even greater) patchwork of notification requirements than they do now.

**Second, some optional fields, if implemented, would go beyond existing key, high-watermark regulatory reporting frameworks.** For example, DORA’s reporting template does not include fields such as “estimated timeframe for resolution,” while FIRE does as an “optional” field. [See *id.* at 25, 49.] Similarly, the FIRE template contains various optional fields that provide the “max” of a given information item which, as far as GFMA is aware, is not a widely used metric in other reporting regimes. For example, the proposal under BOE CP17/24 does not incorporate any reporting fields to capture the “max” or “peak” of a given information item. Such fields go beyond leading existing reporting requirements and may undermine efforts at establishing a cohesive framework.

**Third, the FIRE template contains fields that were eliminated during the Incident Reporting Regulatory Technical Standard process for DORA.** GFMA believes that the FSB should also eliminate such fields. For example, the Initial Consultation Paper for the Incident Reporting RTS contained a field for communication to clients/financial counterparts [*Consultation Paper: Incident Reporting RTS*, available [here](#), at Field 3.32] that was struck from the Final Report for the Incident Reporting RTS. Like the Initial Consultation Paper, the FIRE template has a “comms issued” field under the “changes since previous report section.” GFMA recommends that the FSB delete this field, as the detail proposed to be included would be extremely onerous to be provided during a live incident response effort, which could be detrimental to necessary incident management efforts.

**Fourth, the FIRE template’s complexity is disproportionate to the nature of certain incidents that may be reported under it.** Competent authorities’ reporting requirements cover a broad range of malicious and non-malicious cybersecurity and technology incidents. While all reporting templates must inevitably strike a balance between being under and overinclusive, FIRE’s omnibus approach, attempting to capture all possible reporting fields, renders it unfit for smaller-scale incidents that may nevertheless result in regulatory reporting requirements (e.g., due to unauthorised access to confidential information, but in the absence of operational disruption). By reducing the number of (optional) fields, the FSB would better mitigate the risk of competent authorities imposing unduly burdensome reporting content requirements.

**Finally, certain optional fields in the Initial or Intermediate reporting stages will inherently rely on incomplete and potentially inaccurate information and be of little value to authorities.** For example, the “estimated timeframe for resolution” field asks for reporting entities to estimate “when they might expect the incident to be brought under control” and is listed as “optional” for the Initial and Intermediate reporting stages. To complete this field, reporting entities would have to make predictions on resolution timeframes based on incomplete information, providing very limited value to authorities. Such speculative fields may also unnecessarily distract from reporting entities’

containment and remediation efforts in the crucial early stages of an incident given the resources needed to make such predictions at that juncture. Notably, the BOE CP17/24 proposal does not include a corresponding field, requiring “time of the resolution” to be completed only if the incident has already been resolved. GFMA encourages the FSB to eliminate these speculative fields.

**GFMA recognizes that certain fields that are currently denoted as optional may provide helpful summary information and therefore may be appropriate in the Final reporting stage.** For example, there are several reporting fields in the Impact Assessment section that provide useful summary information but are listed as optional for each reporting phase, such as many of the “services affected” and “impact” fields. Should the FSB want to retain some such fields that are currently optional while eliminating others, GFMA would support adjusting these fields to be “not applicable” for the Initial and Intermediate reporting stages given that such information would largely be incomplete at those stages and making them “essential” for the Final reporting stage. Doing so would align with DORA’s approach to the Final Report for the Incident Reporting RTS, where many fields that are like FIRE’s “impact” fields are mandatory only for the final report for DORA.

In sum, rather than providing regulators a menu of optional reporting fields from which they may choose, many of which will provide minimal helpful information to authorities and may go beyond existing regulatory requirements, GFMA encourages the FSB to provide a streamlined reporting template that will maximize efficient reporting that provides actionable information. To that end, a table of GFMA’s suggestions for addressing optional fields can be found in **Appendix A** which broadly align with the approach proposed in BOE CP17/24.

#### **Remove the Vulnerabilities Exploited Field**

As discussed above, the FIRE template contains fields that were eliminated during the Incident Reporting Regulatory Technical Standard process for DORA. For example, for DORA, the Initial Consultation Paper had a field for “vulnerabilities exploited” [*Id.* at Field 3.41] that was subsequently removed from the Final Report. Similarly, BOE CP17/24 does not propose a field to describe vulnerabilities exposed during an incident. Conversely, FIRE incorporates an optional field for “vulnerabilities exploited.” GFMA believes that collating and providing such information presents a significant security risk and goes beyond existing practice. Therefore, GFMA recommends that the FSB also delete this field. Doing so would not prevent such information being exchanged, where appropriate, but it would ensure that it takes place only in circumstances where providing that sensitive information is necessary, appropriate, and subject to robust security controls.

#### **Remove or Adjust the Public Reaction Field**

GFMA believes that the public reaction field calls for speculative reports that may unnecessarily negatively impact financial entities while providing minimal apparent benefit to customers or the financial industry writ large.

The public reaction asks for a “summary of reporting, statements or sentiment arising from mainstream or social media channels.” [*Id.* at 26.] This field essentially asks reporting entities to characterize how others perceive an incident. Not only is public reaction to an incident not within the reporting entity’s control but such characterizations may also, in turn, be used by plaintiffs against the reporting entity. This reporting field is also superfluous, as regulators can determine public reaction directly without imposing an additional burden onto reporting entities that are already navigating an incident. GFMA notes that BOE CP17/24 references the reputational impact field in FIRE when describing its reputational impact field. GFMA strongly recommends that the FSB reconsider this field so that authorities, including those in the United Kingdom, do not provide a similarly unnecessary and unhelpful reporting field.

GFMA therefore urges that the FSB remove the public reaction field from the final FIRE template. If this field is meant to allow authorities to anticipate possible market reactions that may exacerbate an incident, GFMA would recommend tailoring the field to only request information that the reporting entity is uniquely able to provide. For example, a reporting entity may be able to indicate that, in connection with an incident, there was a material increase in customer complaints above a business-as-usual baseline or a material change in customer redemptions. Such reports would add greater value than financial institutions re-characterizing what the media may already have reported about the public’s reaction to an incident.

### *Eliminate Impact Scales*

GFMA believes it is unnecessary to have multiple impact scales and urges the FSB to remove these. The Consultation Report contains five impact scales: (1) financial, (2) operational, (3) reputational, (4) legal/regulatory, and (5) external. In contrast, the Incident Reporting Regulatory Technical Standard process for DORA does not contain any impact scales, while BOE CP17/24 includes one scale to measure reputational impact.

Rather than helping companies to assess severity, these impact scales across varying areas of incident response are unnecessary, overly complex and more likely to create confusion. As such, GFMA urges the FSB to eliminate impact scales in the final FIRE template.

The Legal/Regulatory Impact Scale and Reputational Impact Scale illustrate why the FSB should remove impact scales. Both of these scales ask reporting entities to provide inherently speculative information that is unlikely to provide meaningful assistance to authorities. For example, the Legal / Regulatory Impact Scale asks reporting entities to speculate on the degree to which a contract may have been breached or a regulatory requirement may not be met. Similarly, the Reputational Impact Scale asks for an

estimation of stakeholder confidence and the potential for reputational damage. Reporting entities will not be comfortable hypothesising their potential legal and/or reputational exposure within regulatory reporting. There are also material consequences to providing details regarding how a reporting entity may have failed to comply with the law, especially if shared with their regulators and supervisors; such details are also potentially discoverable.

Reporting entities, when responding to incidents, will focus on root cause identification, incident containment, remediation, and management of communications with and continuing to support clients. This fact-based approach should drive the FSB towards producing a template that includes fields that are objectively verifiable. As such, GFMA recommends removing the impact scales to avoid unnecessary speculation and instead focus on fact-based items that are critical to incident response.

Notably, European lawmakers removed similar data fields from the Regulatory Technical Standards for major incident reporting under DORA (the “Incident Reporting RTS”). The Consultation Paper for the Incident Reporting RTS included data fields for “inability to comply with legal requirements” (4.4); “breach of contractual arrangement” (4.5); and “amount of fees due to non-compliance with contractual obligations” (4.18). [*See Consultation Paper: Incident Reporting RTS*, available [here](#).] These data fields were removed from the final form. [*See Final Report: Incident Reporting RTS* (17 July 2024), available [here](#).] GFMA recommends that the FSB follow this example and remove the Legal / Regulatory Impact Scale.

### **Ensure Secure Dissemination of Information**

GFMA and its members have concerns regarding incident forwarding among regulatory authorities and the circumstances in which it occurs. GFMA appreciates that the Consultation Report provides for “appropriate information sharing ... to safeguard the transfer of incident reporting information between parties (including, but not restricted to, [memorandum of understanding] clauses, technical controls, access controls, personnel vetting, etc.)” [Consultation Report, at 13.] These are valuable strategies towards protecting reporting entities and the information that they provide regulators.

At the same time, it is critical that FSB continue to advocate for safe and secure incident reporting, particularly because of the breadth and depth of information that FIRE would require reporting entities to submit. As currently proposed, the FIRE template contains 99 reporting fields, many of which involve sensitive data. As such, GFMA expects that authorities will review and enhance their controls around safeguarding sensitive data received from reporting entities, as appropriate. The safeguarding of and protection against the unauthorized disclosure of reporting entities’ sensitive data are critical given that this information would significantly increase a reporting entity’s risk profile if exposed. GFMA therefore urges the FSB to make safe and secure incident reporting a priority among authorities that are considering adopting FIRE as a reporting framework.

### Address Implementation Costs

One crucial area that the Consultation Report does not address is implementation costs associated with FIRE. While implementation costs may vary between organisations, GFMA and its members believe that, for authorities and the private sector alike, further detail on the likely cost of implementation would be beneficial. Appreciating the difficulties in compiling such information, GFMA believes that garnering further strong support from regulators and industry may be difficult without at least estimated approximate costs. As such, GFMA recommends that the FSB provide details of the estimated cost of adoption, both for authorities and industry.

**II. Possible FIRE Use Cases:** *Provide examples of the various ways in which FIRE can be used in incident reporting and/or use cases of FIRE and whether the design adequately facilitates these use cases.*

As discussed above, GFMA believes that FIRE can benefit reporting entities by providing a standardized approach to incident reporting. However, as drafted, the FIRE template could be improved by more clearly accounting for reporting from third-party service providers to their customers. In particular, FIRE should provide a format that third-party service providers can send to their customers that will allow for both broad-based and individual notifications from service providers to customers. The benefit of using FIRE for third-party service provider to financial entity notifications will though turn on whether the financial entities are in turn able to use the FIRE template when reporting to authorities.

Furthermore, at present, third-party service provider reporting to customers happens both broadly and individually. Broad-based notifications of incidents to service provider counterparts can help efficiently proliferate status updates on service issues that affect a broad customer base. In contrast, individual communications facilitate customized messages with information that is specific to an individual counterpart, thereby eliminating unnecessary and irrelevant noise for other counterparts.

The current FIRE template does not allow for customizable notifications that would allow service providers to provide broad and individualized reports to customers. Without that ability to customize, reporting will be overly manual, as every customer implementation of a service providers' services is unique. Therefore, GFMA recommends that FIRE account for service provider reports to customers whereby service providers can offer both broad and individual communications. This will improve the customers' ability to determine the impact of a given incident on their specific workloads based on all the information provided from the service provider. It will also facilitate additional requests from the customer to the service provider about remediations that the service provider has taken or any steps that the customer may need to take directly.

**III. Scope of FIRE – Definitions:** *Is the FIRE design appropriately scoped? Which, if any, amendments to the definitions of ‘operational’, ‘operational event’, and ‘operational incident’ as used in FIRE, would be needed?*

- a. Completely
- b. Mostly
- c. Moderately
- d. Slightly
- e. Not at all
- f. Comments

GFMA has no objections to the definitions used in the Consultation Report. GFMA notes, however, that the FSB’s definitions will, in any event, be subsidiary to individual jurisdictions’ chosen terminology as FIRE will not determine when reporting occurs, only the form that reports will take.

**IV. Scope of FIRE – Use for Reporting Incidents by TSPs:** *Does the FIRE design appropriately facilitate its use for reporting of incidents to the financial institution by third-party service providers? Which, if any, amendments to the current design would be helpful to fully cover this use case?*

Please see GFMA’s response to Question 2 on possible ways in which FIRE may be used.

**V. Comments on FIRE Pillars:** *Provide comments on your answer to the question above, in the related comment box for each FIRE pillar.*

Please see GFMA’s general comments on the FIRE design.

**VI. XBRL Taxonomy:** *Provide any comments on the data model and/or the XBRL taxonomy.*

GFMA does not have any comments at this time on the data model and/or the XBRL taxonomy.



**FSB FIRE**

**GFMA Responses to Consultation Report Questions**

**Appendix A**

**Proposed Changes to Optional Fields**

<b>INCIDENT DETAILS</b>			
<b>CHANGE(S) SINCE PREVIOUS REPORT</b>			
<b>REPORTING PHASE</b>	<b>Initial</b>	<b>Intermediate</b>	<b>Final</b>
Comms issued	[Eliminate]	[Eliminate]	[Eliminate]
<b>IMPACT ASSESSMENT</b>			
<b>SERVICES AND RESOURCES</b>			
<b>REPORTING PHASE</b>	<b>Initial</b>	<b>Intermediate</b>	<b>Final</b>
Service downtime max	[Eliminate]	[Eliminate]	[Eliminate]
Affected end user number max	[Eliminate]	[Eliminate]	[Eliminate]
Affected end user percentage max	[Eliminate]	[Eliminate]	[Eliminate]
Affected transaction number max	[Eliminate]	[Eliminate]	[Eliminate]
Affected transaction percentage max	[Eliminate]	[Eliminate]	[Eliminate]
Affected transaction value max	[Eliminate]	[Eliminate]	[Eliminate]
<b>IMPACT</b>			
<b>REPORTING PHASE</b>	<b>Initial</b>	<b>Intermediate</b>	<b>Final</b>
Impact financial loss	Not applicable	Not applicable	Essential

Impact financial loss max	[Eliminate]	[Eliminate]	[Eliminate]
Impact financial	Not applicable	Not applicable	Essential
Impact financial peak	[Eliminate]	[Eliminate]	[Eliminate]
Impact operational	Not applicable	Not applicable	Essential
Impact operational peak	[Eliminate]	[Eliminate]	[Eliminate]
Impact reputational	[Eliminate]	[Eliminate]	[Eliminate]
Impact reputational peak	[Eliminate]	[Eliminate]	[Eliminate]
Impact legal / regulatory	[Eliminate]	[Eliminate]	[Eliminate]
Impact legal / regulatory peak	[Eliminate]	[Eliminate]	[Eliminate]
Impact external	Not applicable	Not applicable	Essential
Impact external peak	[Eliminate]	[Eliminate]	[Eliminate]
Impact geographic spread	Not applicable	Not applicable	Essential
Impact notes	Not applicable	Not applicable	Essential
<b>INCIDENT DETAILS</b>			
<b>CHANGE(S) SINCE PREVIOUS REPORT</b>			
<b>REPORTING PHASE</b>	<b>Initial</b>	<b>Intermediate</b>	<b>Final</b>
Vulnerabilities exploited	[Eliminate]	[Eliminate]	[Eliminate]