

Lugano providers and Italian banks: the reach of DORA

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The rules on operational resilience have a cross-border dimension for Lugano. Some Ticino companies provide IT services, software or data processing to banks and financial institutions in Italy. Since 17 January 2025 these clients have been subject to the European Union's Digital Operational Resilience Act (DORA), which requires financial entities in the Union to manage their ICT third-party risk, to include specific provisions in their contracts with ICT service providers and to keep a register of information on all contractual arrangements.¹ A Lugano provider of ICT services to an Italian bank will therefore be asked to accept contractual terms on service levels, security, audit, termination and exit strategies that follow DORA, even though it is itself not subject to the regulation. If a provider were designated as a critical ICT thirdparty service provider at Union level, it would have to establish a subsidiary in the Union. This designation is reserved for large providers, but the contractual requirements reach every provider of a Union financial entity.

The combination of FINMA's outsourcing and resilience circulars, the Swiss reporting obligation for cyber attacks and DORA creates a dense set of requirements for every Lugano institution that uses or provides technology. It also creates a market: the documentation, testing and contractual work required by these rules is carried out by compliance consultants, law firms, audit firms and IT security companies, several of which are based in Ticino and serve clients on both sides of the border.

Essentials. Artificial intelligence supplied by third parties is subject to FINMA Circular 2018/3 on outsourcing when it supports a significant function. FINMA Circular 2023/1, in force since 1 January 2024, adds requirements on ICT and cyber risk, critical data, business continuity and operational resilience, with a deadline of 1 January 2026 for resilience. Since 1 April 2025 banks and other critical infrastructures must report

cyber attacks within 24 hours under the Information Security Act. Lugano providers serving Italian banks must meet the contractual requirements of the EU's DORA.

1 Notes

1. Regulation (EU) 2022/2554 of the European Parliament and of the Council of 14 December 2022 on digital operational resilience for the financial sector (DORA), OJ L 333, 27.12.2022, p. 1, applicable from 17 January 2025 (publication data and date confirmed at <https://eur-lex.europa.eu/eli/reg/2022/2554/oj/eng>). ↩

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