

**BUSINESS CONTINUITY MANAGEMENT REQUIREMENTS FOR SGX MEMBERS
– NEW RULES FOR INCLUSION IN SGX-ST RULES**

Current Rule	Proposed Rule
<i>New rule</i>	4.6.21 <u>Business Continuity Requirements</u> The following requirements apply: (1) a Member must assess its business and operational risks and maintain adequate business continuity arrangements.
<i>New rule</i>	(2) a Member must document its business continuity arrangements in a business continuity plan.
<i>New rule</i>	(3) a Member's senior management shall be responsible for the Member's business continuity plan. Sufficient awareness of the risks, mitigating measures and state of readiness must be demonstrated by way of an attestation to the Member's Board of Directors.
<i>New rule</i>	(4) a Member must review and test its business continuity plan regularly.
<i>New rule</i>	(5) a Member must appoint emergency contact persons, and furnish the contact information of such persons to SGX-ST. The Member's emergency contact persons must be contactable at all times, and must immediately notify SGX-ST in the event of emergencies.

**BUSINESS CONTINUITY MANAGEMENT REQUIREMENTS
FOR SGX MEMBERS – NEW PRACTICE NOTE FOR INCLUSION IN
SGX-ST RULES**

Practice Note

4.6.21 Business Continuity Requirements

Issue Date	Cross Reference	Enquiries
22 January 2009	Rule 4.6.21	Please contact Member Supervision: Facsimile No : 6538 8273 E-Mail Address: membersup@sgx.com

1. INTRODUCTION

1.1 Rule 4.6.21 requires Members to:

- (i) maintain adequate business continuity arrangements;
- (ii) document business continuity arrangements in a business continuity plan;
- (iii) test and review business continuity plans regularly; and
- (iv) appoint emergency contact persons.

1.2 The objective is to ensure that Members have the ability to:

- (i) react swiftly to emergency situations; and
- (ii) maintain critical functions and fulfill obligations to customers and counterparties in the event of major operational disruptions.

2. BUSINESS CONTINUITY PLAN

2.1 Critical Elements of a Business Continuity Plan

2.1.1 Rule 4.6.21(1) requires Members to maintain adequate business continuity arrangements, and document such arrangements in a business continuity plan. As a guide, a Member's business continuity plan should document the following elements:

- (i) Risk assessment: This includes a comprehensive assessment of business continuity risks (including financial and operational risks) and threat scenarios which may severely disrupt a Member's operations. Such scenarios may include prolonged power outages, IT system software or hardware failures,

loss of voice or data communication links, acts of terrorism, and outbreak of infectious diseases;

- (ii) Business impact analysis: This is an evaluation of the impact of the risks and threat scenarios identified in (i) above. The business impact analysis should identify critical business functions (including support operations and related information technology systems) and potential losses (monetary and non-monetary) to enable the Member to determine recovery strategies/priorities and recovery time objectives;
- (iii) Work area recovery: This refers to continuity arrangements for a Member's critical functional capabilities in the event that the Member's primary office becomes inaccessible, for example, availability of a disaster recovery site ready for activation within a reasonable period of time;
- (iv) Crisis communications: This refers to a communications plan for the Member to liaise with its internal and external stakeholders such as employees, customers and regulatory authorities during a crisis;
- (v) Roles and responsibilities: This refers to the identification of a Member's key personnel and management staff, their roles and responsibilities, and reporting lines. Alternates should be identified to cover the responsibilities of absent key personnel.
- (vi) Backup for critical functions¹, information technology systems and data;
- (vii) Key service providers²: This refers to assessing a Member's dependencies on key service providers in recovery strategies and recovery time objectives, and taking steps to ensure that key service providers are capable of supporting the Member's business, even in disruptions;
- (viii) Outsourcing service providers³: This refers to assessing whether the service provider has established satisfactory Business Continuity Plans commensurate with the nature, scope and complexity of the outsourced services; and
- (ix) Any other elements that the Member deems necessary to be included in its business continuity plan or which SGX-ST may prescribe from time to time.

2.2 Emergency Response During Crisis

2.2.1 A Member should establish and maintain a crisis management plan as part of its business continuity plan. The crisis management plan should include (but not be limited to):

¹ Critical functions refer to business functions whose failure or disruption may incapacitate the firm.

² Key service providers refer to third-parties who are performing functions that are not normally carried out by Member firms internally, but are critical to Member firms' ability to carry on business operations. For example, IT system hardware/software vendors.

³ Outsourcing service providers refer to third parties who are performing functions that would normally be performed by Members firms internally. For example, Operations and Technology.

- (i) Emergency response procedures;
- (ii) Roles and responsibilities of the crisis management team;
- (iii) Command and control structures; and
- (iv) Salvage and restoration procedures.

2.2.2 SGX-ST may declare a wide-area crisis in the event of a major and widespread incident. When such declaration is made, SGX-ST may require a Member to submit status reports to SGX-ST. A wide-area crisis may include any incident where the operations of a large number of market participants are disrupted simultaneously.

2.3 Regular Review, Testing and Training

2.3.1 Rule 4.6.21(4) requires a Member to review and test its business continuity plan regularly. Members should do so at least once a year to ensure that their business continuity plans remain relevant.

2.3.2 Where there are material changes to a Member's business activities and operations, the Member should update its business continuity plan accordingly. Regular training should be conducted for staff to be updated and aware of any relevant changes to the Member's business continuity arrangements. As a principle, training should be conducted when:

- (i) changes have been made to the Member firm's BCP; and
- (ii) new staff are recruited.

Member firms should also conduct refresher courses for existing staff where appropriate.

3. EMERGENCY CONTACT PERSONS

3.1 Rule 4.6.21(5) requires a Member to appoint emergency contact persons and furnish the contact information of such persons to SGX-ST. Members may appoint an emergency contact person and up to two (2) alternates. A template is attached as Appendix A to this Practice Note for the notification of contact information (postal address, email, telephone, mobile telephone and facsimile numbers) to SGX-ST.

3.2 Members are to ensure that the contact information provided to SGX-ST is updated on a semi-annual basis. Nonetheless, where there are changes to a Member's emergency contact persons and contact information, the Member should notify SGX-ST immediately in writing.

3.3 A Member's authorized emergency contact person should immediately notify SGX-ST in the event where:

- (i) A Member's business operations are or will be significantly disrupted; and/or
- (ii) A Member's business continuity plan is activated.

Business Continuity Management Emergency Contact Person(s)

Company Name: _____

Name	Department	Designation	Office No.	Mobile No.	E-mail address

Prepared by:

Name: _____

Designation: _____