



SFC PUBLISHES ASSESSMENT QUESTIONS FOR EFFECTIVE BUSINESS CONTINUITY PLANS

Introduction

The Licensing Department of the Securities and Futures Commission (the **SFC**) has issued a circular to licensed corporations containing a non-exhaustive list of self-assessment questions to which reference can be made during the review of business continuity plans. The circular is available on the SFC's website at <http://www.sfc.hk/edistributionWeb/gateway/EN/circular/intermediaries/licensing/openFile?refNo=14EC32>.

According to the circular, in the event of operational disruptions¹, appropriate internal controls and risk management measures are vital in protecting key business functions and recovering them promptly. Therefore, an effective business continuity plan is important to the operations of all licensed corporations.

Assessment of business continuity plans

Below is a non-exhaustive list of possible assessment questions for reviewing existing business continuity arrangements:

Checklist	Completed
a) Have you assigned at least one senior staff member to: <ul style="list-style-type: none">Identify critical systems and functions (including outsourced functions);Activate the business continuity plan at the appropriate time;Oversee the business recovery process;Communicate with other staff members about the process;Coordinate with relevant external parties (including major service providers) to resume your business operations; andTest the business continuity plan and evaluate its effectiveness on a regular basis and update it as necessary?	
b) Do you have other business location(s) which may serve as your back up site from where you can maintain critical operations and services if your staff is unable to access your major office(s)?	

¹ Please refer to paragraph 36 in the Appendix to the Management, Supervision and Internal Control Guidelines for Persons Licensed by or Registered with the Securities and Futures Commission (April 2003)

Checklist	Completed
c) How can you serve your clients if access to your office is restricted?	
d) Will certain functions or services to clients need to be suspended if your back up site can only operate on a limited capacity?	
e) Do you have an emergency communication plan to inform your clients and counterparties of your business continuity arrangements?	
f) Do you have an emergency contact arrangement for all your key staff members and are the contact details up-to-date?	
g) Have you regularly backed up and stored your critical business and transaction data, and are those backed-up data available for use in your back-up computer system within a reasonable timeframe?	
h) If you are an Exchange Participant, do you have any alternative trading arrangement to effect clients' trade orders, such as trading via another Exchange Participant on your behalf or using back-up terminals provided by the Exchanges?	
i) Have you assessed the quantum of potential claims from clients in the event you cannot provide the usual level of services to them?	
j) Have you assessed the adequacy of your existing insurance coverage?	

Whilst it is important to assess business continuity plans, licensed corporations are also reminded to update their information, particularly emergency contacts, with the SFC without delay.



CHARLTONS

Best Boutique Firm 2013

Asian Legal Business Awards

This newsletter is for information purposes only.

Its contents do not constitute legal advice and it should not be regarded as a substitute for detailed advice in individual cases.

Transmission of this information is not intended to create and receipt does not constitute a lawyer-client relationship between Charltons and the user or browser.

Charltons is not responsible for any third party content which can be accessed through the website.

If you do not wish to receive this newsletter please let us know by emailing us at unsubscribe@charltonslaw.com

Hong Kong Office

Dominion Centre

12th Floor

43-59 Queen's Road East

Hong Kong

Tel: + (852) 2905 7888

Fax: + (852) 2854 9596

www.charltonslaw.com