

Client Alert

Current Issues Relevant to Our Clients

August 23, 2013

SEC, CFTC and FINRA Joint Advisory on Business Continuity Planning

The Securities and Exchange Commission (“SEC”), Commodity Futures Trading Commission (“CFTC”) and Financial Industry Regulatory Authority (“FINRA”) recently compiled a set of best practices and lessons learned on business continuity plans (“BCPs”) and disaster recovery procedures and released an advisory summarizing those findings. A copy of the advisory is available [here](#).

Best Practices and Lessons Learned on BCPs and Disaster Recovery Procedures

The joint advisory on best practices and lessons learned is focused on ensuring that firms are prepared to deal with significant large scale events such as the significant damage and widespread market interruptions caused by Hurricane Sandy in 2012. Among other things, the advisory encourages firms to focus on:

- The possibility of widespread disruptions in the availability of telecommunications, transportation, electricity, office space, fuel and water impacting on-site workers, employees that work from home as well as the ability to use remote access in the event of a disaster or interruption;
- Geographic diversity when assessing “alternative locations” (e.g. back-up data centers, back-up sites for operations, remote locations, etc.) as part of BCPs;
- Sufficiency of travel access, office space, resource availability and accommodations for employees for alternative locations;
- Examination of the BCPs and disaster recover procedures of service providers and vendors;
- Sufficiency of telecommunication service providers and infrastructure;
- Sufficiency of communication plans with customers, counterparties, regulators, exchanges, emergency officials, staff and others;
- Handling of time-sensitive regulatory requirements and filing (e.g. month-end financial processes) which

can be significantly impacted by month-end disasters causing late filings and/or regulatory violations;

- Whether BCPs and disaster recover procedures are compliant with current regulatory and self-regulatory organization requirements; and
- Sufficiency of procedures review and testing of BCPs and disaster recovery procedures (including adequacy of quality and frequency of personnel training and testing).

In light of this advisory, this is a good opportunity for firms to review the sufficiency of their current BCPs and disaster recovery procedures and consider implementing certain of these best practices and lessons learned.

For More Information

To discuss any topic covered in this Client Alert, please contact a member of our Investment Management Group or visit us online at [Chapman.com](#).

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