

# FREQUENTLY-ASKED QUESTIONS (FAQ) ON GUIDING PRINCIPLES ON BUSINESS CONTINUITY

(Issued: 6 January 2020)

## **Background of framework:**

As a general guidance, the principles set out the SC's expectations of the business continuity management approach of capital market entities to ensure timely continuity of critical services and the fulfilment of business obligations in the event of disruptions.

The principles, developed in close consultation with the industry, highlighted six focus areas including board and senior management's responsibility in ensuring sound and effective business continuity protocol; the importance of risk identification, in particular interdependency and concentration risks; risk-based recovery strategy; annual testing of business continuity protocols; comprehensive escalation procedures and communication plans in the event of major disruptions; as well as ongoing review of business continuity arrangements.

Capital market entities are encouraged to adopt and implement these principles, which serve as best practices, taking into account the nature, size and complexity of their business operations.

## **SCOPE AND APPLICABILITY**

### **1. What is the scope and applicability of the Guiding Principles?**

These principles are applicable to all capital market entities, which includes entities regulated by the SC either via licensing, authorisation, approval or registration as required under securities laws as defined under Part II: Definitions, Paragraph 2.1 of the *Guiding Principles on Business Continuity*. Any financial institutions that are licensed by the SC shall still be subject to the requirements of these principles.

### **2. Which entities are excluded?**

Currently, entities that are excluded are Cagamas, public-listed companies, entities registered under the *Guidelines on the Registration of Venture Capital and Private Equity Corporations and Management Corporations*, as well as financial institutions who are registered persons set out in Part 1, Schedule 4 of the *Capital Markets and Services Act 2007*.

## **INCIDENT REPORTING**

### **3. How should an entity report to the SC when upon the occurrence of an incident?**

With regards to Paragraph 3.22 of the *Guiding Principles on Business Continuity*, entities are to notify their respective regulatory supervisors in the SC when a need to activate business continuity arrangements has occurred. The reporting should be done by the departments/units responsible in managing business continuity of the respective entity and forwarded/notified to the respective officer in the SC who is in charge in terms of their day-to-day supervision.

**FREQUENTLY-ASKED QUESTIONS (FAQ) ON  
GUIDING PRINCIPLES ON BUSINESS CONTINUITY**

(Issued: 6 January 2020)

The SC will, from time to time, issue additional guidance in the form of Technical Note or expansion to this FAQ to assist capital market entities in their Business Continuity efforts. The SC continues to encourage capital market entities to proportionally adopt the recommended Principles and exercise them in the near future.