

# The HKFSBCM Forum

*presents*

## WISE 2015 Briefing and Panel Discussion

*2 December, 2014*

*HKMA office on L55, Two IFC, Hong Kong*

Note: Text-Only and Edited Version Only. Also, some slides are removed.

# Today's Agenda

- Opening and Introduction
- Business Continuity Management (BCM) Overview
- Crisis Management (CM)
- Whole Industry Simulation Exercise (WISE) 2015
- Panel Discussion and Q&A

# HKFSBCM Forum Introduction

- Establishment
  - Self-formed / voluntarily-formed in 2011-2012
- Members and Representing Firms
  - Currently  $\pm$  25 different firms representing some of the biggest banks and securities houses in Hong Kong
  - A compact, high-performance taskforce / committee to coordinate Forum matters on a voluntarily basis
- Mission
  - Provides a platform for business continuity information exchange
  - Allows members to work jointly address BCM concerns in the financial industry
- Activities and Industry Collaboration Examples
  - Monthly Forum Meeting
  - Industry surveys and Benchmarking on BCM-related topics
  - Information sharing / exchange
  - Collaboration with third parties and service providers
  - Joint exercise, such as simulation on Pandemic (2013)

# Represented Firms in HKFSBCM Forum

- ANZ
- BAML
- Barclays
- Capital International
- Citi
- Credit Suisse
- DBS
- Deutsche Bank
- Goldman Sachs
- HSBC
- ING
- JPMorgan
- Julius Baer
- Macquarie
- Morgan Stanley
- National Australia Bank
- Nomura
- Societe Generale
- Standard Chartered Bank
- State Street
- UBS
- Wells Fargo

# HKFSBCM Forum

## WISE 2015 Taskforce

- Willem Hoekstra
- Tony Booth
- Selina Tng
- Satyam Das
- Simon To
- Perry Pow

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## Definitions

- Business Continuity Management (BCM)

is a holistic management process that identifies potential threats to an organization and the impacts to business operations those threats, if realized, might cause, and which provides a framework for building organizational resilience with the capability of an effective response that safeguards the interests of its key stakeholders, reputation, brand and value-creating activities.

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- Crisis Management

is the process by which we deal with a major event that threatens to harm the organization or its stakeholders. There is a Crisis Management Team in every country and every region, as well as at global level.

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## Why BCM ?

- Financial Sector is vital to society – National Financial Authorities
  - MAS; HKMA; SFC; FSA; FAS; ECB; FED; Etc. etc. etc.
  - ORM standards / Basle-III capital requirements
  - Information Security standards
- BCM to comply with standards
  - BS25999, ISO22301, SS540
- BCM as “Insurance policy”
- Resilience as quality attribute of financial services

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## What we plan for

- Business Continuity Strategies are not scenario-specific and cause-independent, but rather focuses on the consequences, in particular:
- Unavailability of **People** (e.g. disease, poaching, strike, etc)
- Unavailability of **Buildings** (e.g. fire, power outage, bomb scare, transport issues, local LAN outage, etc)
- Unavailability of **IT** (e.g. server failure, application crash, data centre outage, WAN outage, etc)
- Unavailability of **Service Providers / Vendors** (e.g. lack of vendor BCM, loss of outsource or offshore partners)

# BCM Overview

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## **How to be prepared**

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- Anticipate and plan several response options
- Business continuity plans specify possible strategies, for example:

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- Remote working / work from home
- Split / twin-team operations
- Transference of activities to other teams and external parties
- Relocation of staff to other cities / countries

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- IT-Disaster Recovery
- Work Area Recovery
- Discontinuity of non-essential activities

# BCM developments in the financial industry

- Profitability of financial institutions under stress
- No longer high risk high return

## Growing regulatory framework

- KYC, AML
- Data protection, disclosure, retention, purging
- Insider trading, Chinese walls
- Sarbanes Oxley
- BCM**

## Higher capital requirements

- Basle agreements, AMA

## Developing Asia jurisdictions

- Moving from rep office to branch to subsidiary**
- Ring fencing risk and liabilities**

## Organization change

- Outsourcing, off shoring, JIT, Lean, Hub, doing more with less**

## New threats in new environment

- IT and Information security**
- Social Media. Bank is four letter word**
- Shocks: terror, disaster, crime**
- Growing public education, transparency and market access.**

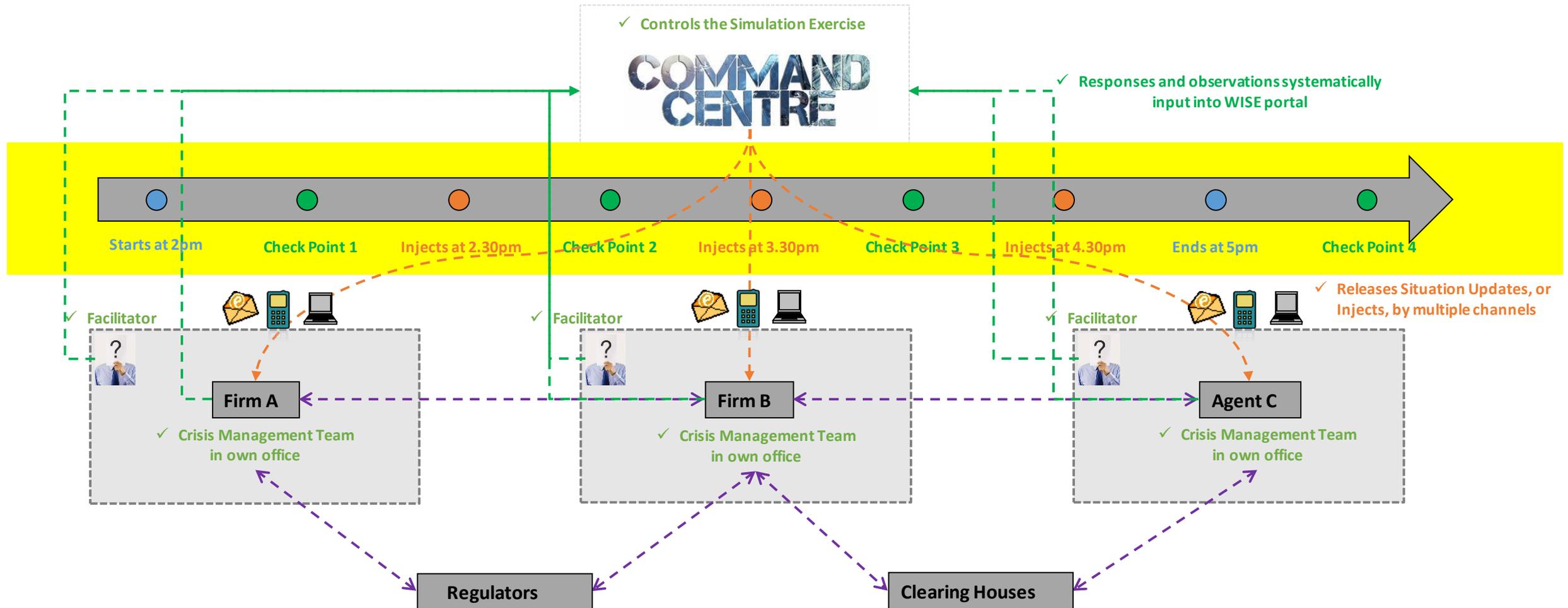
# CMT Exercise – Benefits

- Why Participate ?
- A cost efficient and unified way to meet market regulators requirements
- It allows authorities to assess the financial industry resilience and increases stakeholder confidence in the industry
- It is a good practice - many countries have run similar exercises and learned from the experience
- It gives good public visibility, supporting public confidence in the financial industry

# CMT Exercise – WISE 2015 Objectives

- Build confidence in the financial sector
- Provide visibility to the public and boost confidence in the sector
- Help firms fulfill regulatory requirements
- Familiarize senior management with the Crisis Management process
- Provide Crisis & stress Management skill training
- Familiarize senior management with Business Continuity (BC) plans and facilities
- Test coverage and feasibility of those Business Continuity (BC) plans
- Promote BCM and CM practices within the firm
- Practice interbank and interagency coordination
- Practice crisis communication internally, externally and with regulators

# A Schematic Illustration of WISE 2015 Table Top Simulation



# CMT Exercise – WISE 2015

- Style Central Commander Table Top Exercise
- When 2H 2015
- Fees TBC
- Scope CMTs of commercial, corporate & investment banks in Hong Kong
- Scenarios Not to be disclosed
- Registration To be announced

Volunteers are invited to join us to help with coordination.

QUESTIONS ?

# Panel Discussion and Q&A

- **Benedicte Nolens**  
Head of Risk & Strategy  
Securities and Futures Commissions (SFC)
- **Brian Lee**  
Head of Operational & Technology Risk Division, Banking Supervision Department  
Hong Kong Monetary Authority (HKMA)
- **Eric Lam**  
Head, Clearing Operations and Development Division  
Hong Kong Interbank Clearing Company Ltd (HKICL)
- **Sian Dalrymple**  
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