

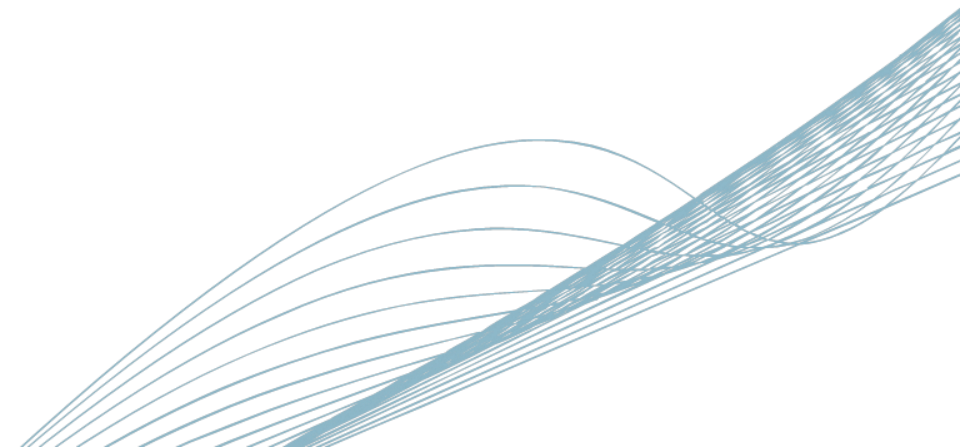
WISE2017

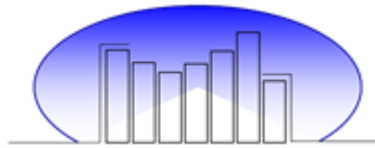
Word of Welcome

**Willem Hoekstra | Chairman of HKFSBCM
Executive Director, Head of Business Continuity
Asia, Nomura**



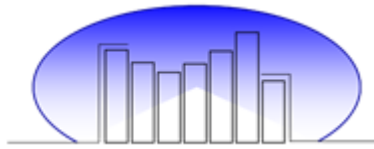
Tuesday, 22 August 2017





Objectives of WISE2017

- Crisis & stress Management skill training
- Familiarisation with CM process
- Familiarisation with BC plans and facilities
- Test coverage and feasibility of BC Plans, and stress testing of plans
- Create sense of urgency
- Promote BCM
- Practice interbank and interagency coordination
- Practice crisis communication, internal, external and with regulators
- Fulfil regulatory requirements
- Build confidence in banking sector with clients, regulators and society at large.



Who is participating?

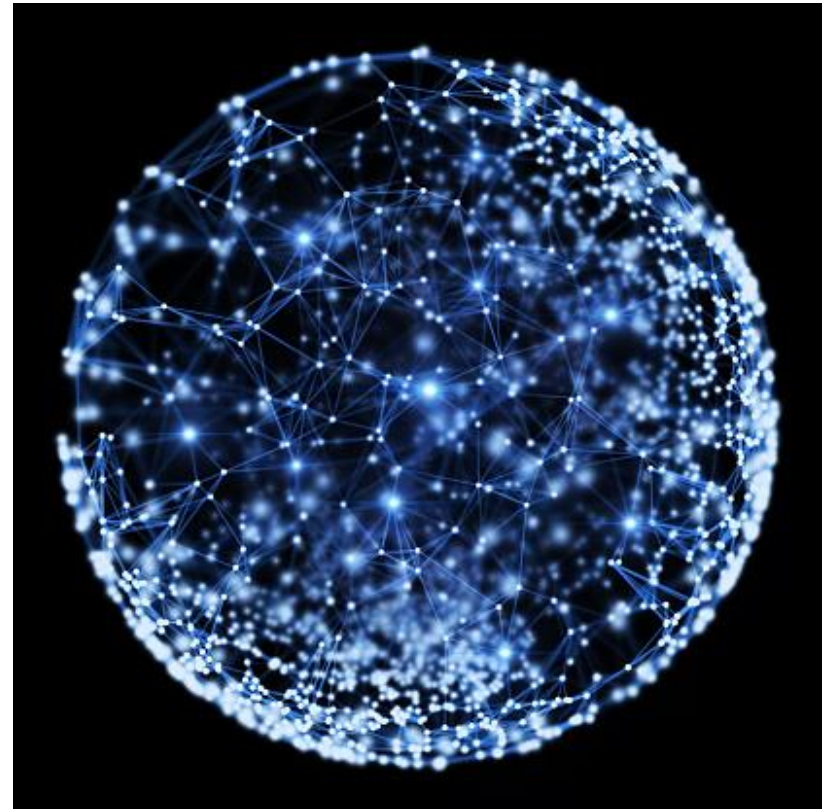
Participant organisations

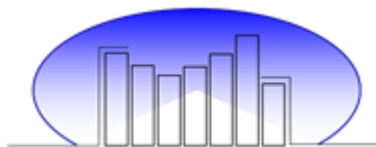
- Banks
- Securities firms
- Asset management firms
- Clearing houses

...with operations in Hong Kong.

Participant individuals

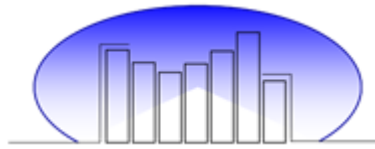
- Members of senior management which form the organisation's formal Crisis Management Team
- Key decision makers in the event of a crisis





Registrations to date: 44

1. Allianz Global Investors
2. Australia and New Zealand Bank
3. AXA Investment Management
4. Bank Julius Baer
5. Bank of America Merrill Lynch
6. Bank of China (HK Limited)
7. Bank of China International
8. Bank of Communications
9. Bank of East Asia
10. Barclays
11. BlackRock
12. BNP Paribas
13. BNY Mellon
14. China Construction Bank (Asia)
15. Chiyu Bank
16. Chong Hing Bank
17. Citi Hong Kong
18. Credit Suisse
19. Dah Sing Bank Limited
20. DBS
21. Deutsche Bank HK
22. Fidelity International
23. Fubon Bank
24. Goldman Sachs
25. Hang Seng Bank Ltd
26. HSBC
27. HSBC GB&M
28. ICBC Asia
29. JPMorgan Chase Hong Kong
30. Morgan Stanley
31. Nanyang Commercial Bank
32. Natixis
33. Nomura International (HK) Limited
34. OCBC Wing Hang Bank Limited
35. Public Bank (Hong Kong) Limited
36. Rabobank
37. Schroder Investment Management
38. Shanghai Commercial Bank
39. Societe Generale
40. Standard Chartered Bank
41. State Street
42. UBS
43. Wells Fargo
44. Wing Lung Bank Limited



What to expect?

A cost efficient, best practice and unified way to:

- Improve crisis management skills
- Meet internal and external requirements
- Build stakeholder confidence
- Surface and build resilience to both individual as well as systemic risks

Looking back to WISE2015:

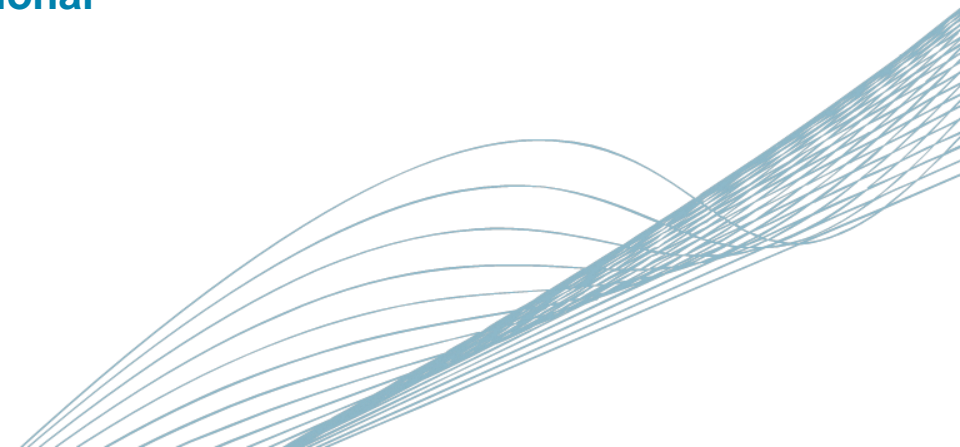
- Proved a suitable platform for CMTs to exercise and validate their crisis management skills and decision making.
- Participating firms believed they were able to deal with the scenario provided. A more challenging scenario will be deployed this year.
- Communication amongst the industry during a crisis was swiftly established, but could be enhanced using secure messaging platforms.
- Metrics could be introduced to formally measure the effectiveness of the CMTs' performance.

WISE2017

Crisis Management –

“The Contemporary Challenge and a Health Check”

Julian Heath | Senior Partner
Chief Operating Officer, Asia Pacific, Regional
Management, Control Risks



Control Risks

Crisis management – *a simple health check*



■ Crisis management refresher – *a quick health check...*

- Have you established and do you maintain an integrated business continuity management framework?
- Does the business have a simple “first response” assessment and management protocol that is universally applied?
- Is “immediate need” information on the front cover of any plan or contingency document? At a time of crisis, few will open a document!
- Do you use everyday language when defining an emerging situation?
- For crisis management teams, have you vetted and prepared the extraordinary roles of:
 - Ultimate decision-maker
 - Team facilitator/co-ordinator



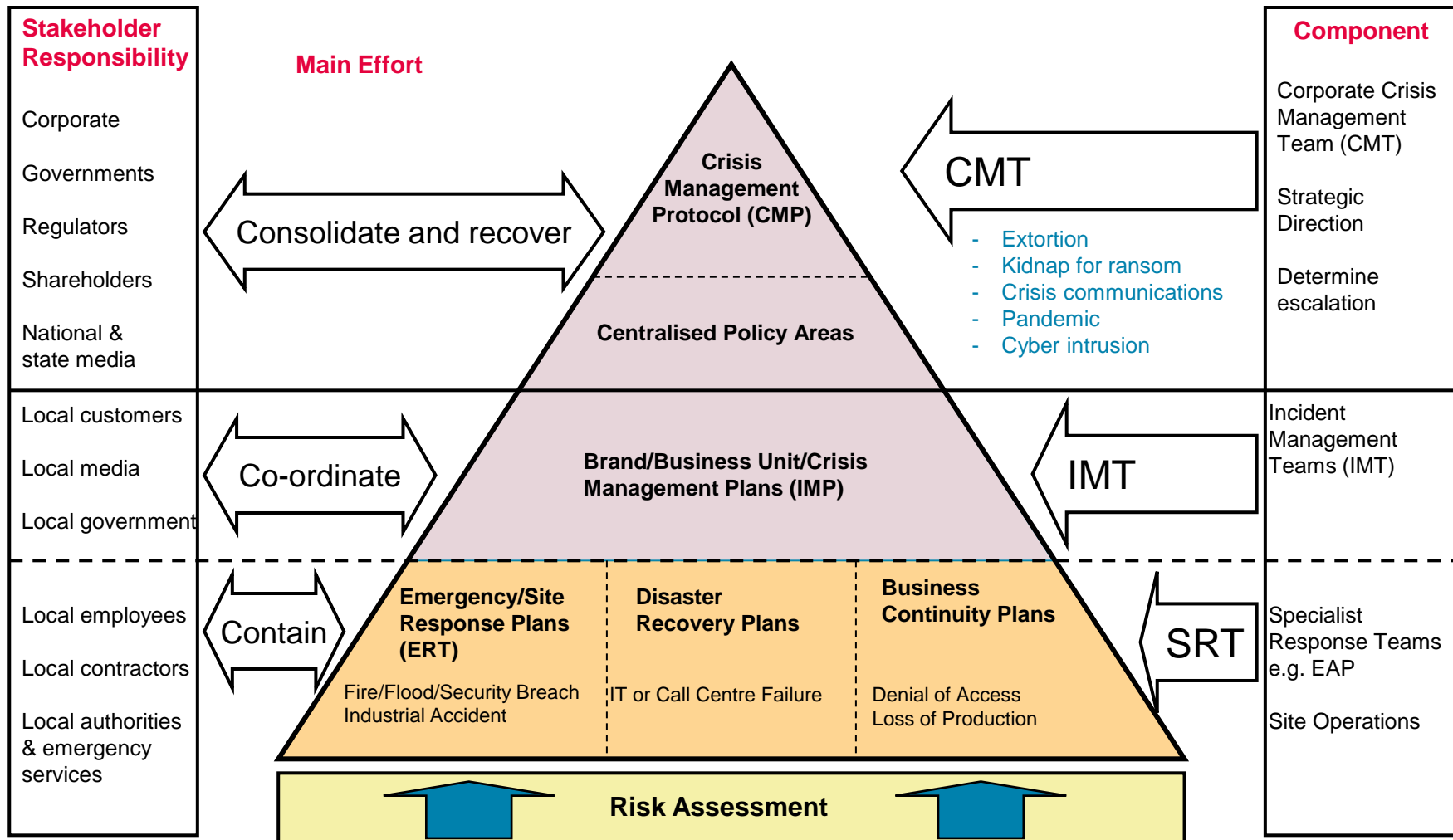
■ Crisis management refresher – *a quick health check...*

- Do you encourage the use of simple “risk storm” workshops to focus business elements on their vulnerabilities and the need to prepare?
- Can you convene a team virtually (and keep it simple)?
- Do you learn from your own experience and others?
- Do you have/encourage a culture of “if in doubt stand a team up”?
- Are your spokespersons and crisis communications contingencies for your foreseeable scenarios (see risk storm) prepared?
- Do you actively monitor the media and “new media”?
- Are you prepared for a cyber incident?



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An example of an integrated framework



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The First Response Protocol

ROLES & RESPONSIBILITIES	Confirm respective roles and responsibilities
FACTS	What do you know ?
ASSUMPTIONS	What do you believe has occurred or contributed to the situation?
SCENARIOS	Consider the plausible (worse case) and most likely scenarios?
PRIORITIES	Establish your priorities , including information requirements and immediate tasking
RESPONSE OPTIONS	Consider the range of options available. What needs to be done now and what can wait ?
STAKEHOLDERS	Identify the range of stakeholders and prioritise according to their interest and influence
KEY MESSAGES	Establish the messages which must be conveyed to stakeholders
YOUR OBJECTIVE(S)	Set your objectives (Solving the problem? Returning to normal business ?)

Quick reference guide – essential info readily available

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Crisis Management – Quick Reference Guide

Crisis or Incident Assessment and Reporting

IN THE EVENT OF AN UNCONTAINED INCIDENT OR A CRISIS (see definitions p.2):

- Assess the situation using the First Response Protocol (see below). If there is a need for an immediate response conduct a risk storm (step 4). Determine if the situation needs to be escalated.
- If the situation needs to be escalated or if in doubt, contact the relevant regional CEO or EXCO member:

Escalation Contacts			
	Name	Mobile Home	email
Global CMT Chairman CEO EMEA			
CEO Americas			
CEO Middle East			
CEO Asia Pacific			
Global HR Director*			
Chief Finance Officer*			
Managing Director Global Client Services*			
Group General Counsel*			
Corporate Communications Director			
Chief Information Officer			

Media Enquiries

If you receive a media enquiry remember that only Corporate Communications are authorised to speak to the media. Refer all enquiries to (M: +.....).

Crisis Control Centre (see p.2 for activation checklist)

If the Crisis Management Team convenes it will do so in one of the following forms:

Location	Teleconference
..... Phone: +.....	Phone: +..... Chairperson passcode: then # Participant passcode: then #

First Response Protocol

Define your objective: (eg safety of personnel)

Step	What	Comment
1.	Confirm roles and responsibilities	Confirm respective roles and responsibilities.
2.	Capture the facts	What do you know? What can you confirm? Maintain a chronology. Define the situation. Is the situation contained or uncontained?
3.	Consolidate the assumptions	What do you 'believe' has occurred or contributed to the situation? Assumptions need to be tested.
4. Risk Storm	Identify worst case & most likely scenarios	Worst Case and Most Likely (Consider individually then share with the Team. Don't discount anything).
Complete these elements as you proceed	Priorities	Immediate actions and information needed to make sound decisions and to appropriately task to render safe the situation.
	Response options	Consider the range of options available. Each option will carry various degrees of risk. What needs to be done now and what can wait? Consider positive and negative implications for each option.
	Stakeholders	Identify the range of stakeholders. Can include employees, suppliers, customers, regulators, law enforcement agencies, media and industry bodies. Maintain a contact list
	Key messages	Identify key messages. Craft 2-3 key points. These broadly express facts, concern and co-operation. These messages should be repeated in all communications with stakeholders including media

A simple guide

- How do you intuitively define a situation?
- Escalation process – who do you contact?
- How do you respond to media enquiries?
- Where will you convene:
 - Virtually?
 - Physically?
- What will the meeting agenda be?
- Do you have a checklist for the essential elements?

■ Simple language – *to define an emerging situation*

If the situation is Contained it will have the following characteristics/responses:

- Event has clearly defined circumstances
- Life or property is not threatened
- It does not have adverse reputational effects
- The primary CMT POC must be informed
- The primary CMT POC will determine if the leadership team POC and/or Corporate Communications needs to be appraised.

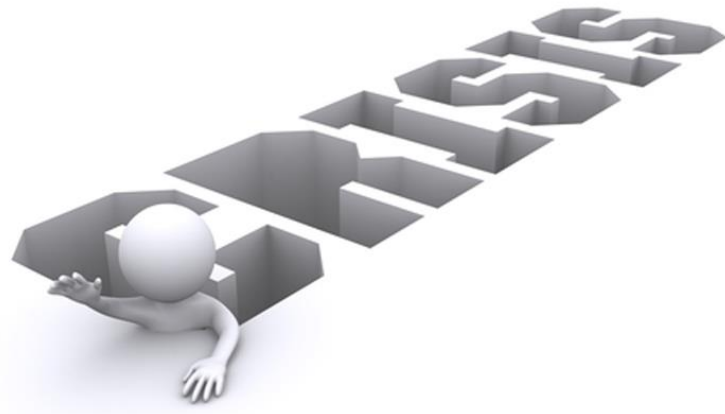
If the situation is Uncontained it will have the following characteristics/responses:

- Event is emerging and is not clearly defined
- Life, property or the environment may be threatened
- The possibility of adverse reputation effects is high
- The leadership team POC must be informed ASAP
- The leadership team POC will determine if CMT or elements are required and advise the CEO

or a crisis

The situation is clearly a **Crisis** and will have the following characteristics/responses:

- Death or serious injury
- There is acute risk to life and/or property
- There is serious adverse public comment or criticism
- The leadership team POC and the CEO must be informed ASAP
- The CMT is to be convened immediately and its primacy declared.



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The team...

The ultimate decision-maker

Facilitator

- Focal point for all crisis management matters
- Will provide the initial brief
- Maintains discipline of the process

- Chairman
- Observes the initial stages to enable clarity
- May confront a divided room
- Ultimate accountability

***Absorb, assess, determine,
direct and advise***

The team

- Provide advice and support relevant to their day-to-day responsibilities
- Alternates need to be identified and prepared
- May be excluded once the situation is defined
- Should always include:
 - Finance
 - Operations
 - Communications/PR
 - Legal
 - Human resources
 - Specialist advice (on standby)

Risk storm workshop

Ask each participant what they believe is:

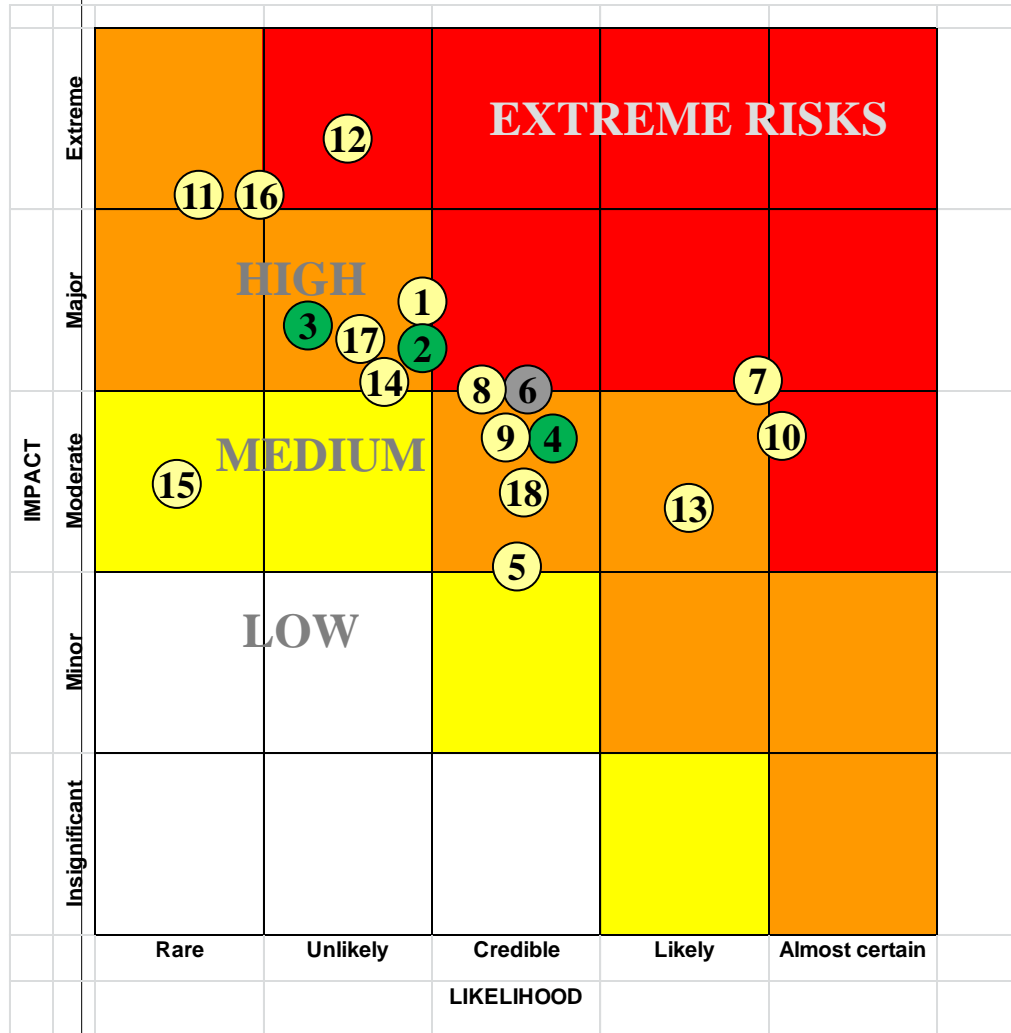
- **The worst case scenario** (i.e. what causes them to sit bolt upright in bed at 3am and say I hope it never happens?)
- **Most likely scenario** (i.e. what incident/event do you anticipate occurring in the next 12 months?)
- The most important step is getting the opinion of everyone. Go around the table and get their individual assessment. Don't do it as a group exercise.



- *For each risk scenario define:*
 - *What is the **likelihood** it will occur (is it rare, unlikely, credible, likely or almost certain), and*
 - *what is the **impact** the risk would have on your business (is it insignificant, minor, moderate, major or extreme)*

Control Risks

Consolidation – an example



1. Production stoppage
2. Employee kills a member of the public in an MVA
3. Employee death due to negligence
4. Serious injury due to negligence
5. Failure to follow safety protocols
6. Significant privacy breach
7. Utility/system failure/loss of access
8. Natural disasters
9. Over-reliance on key customers relative to market
10. Loss of key staff
11. Failure to deliver services that have been billed – (operational)
12. Breach of environmental regulations
13. Theft of IP
14. Fraud – failure to deliver invoiced services (accidental or deliberate)
15. Employee an innocent victim – siege
16. Enforceable HR undertaking
17. Failure to appropriately screen employees
18. Political instability

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Workshop options



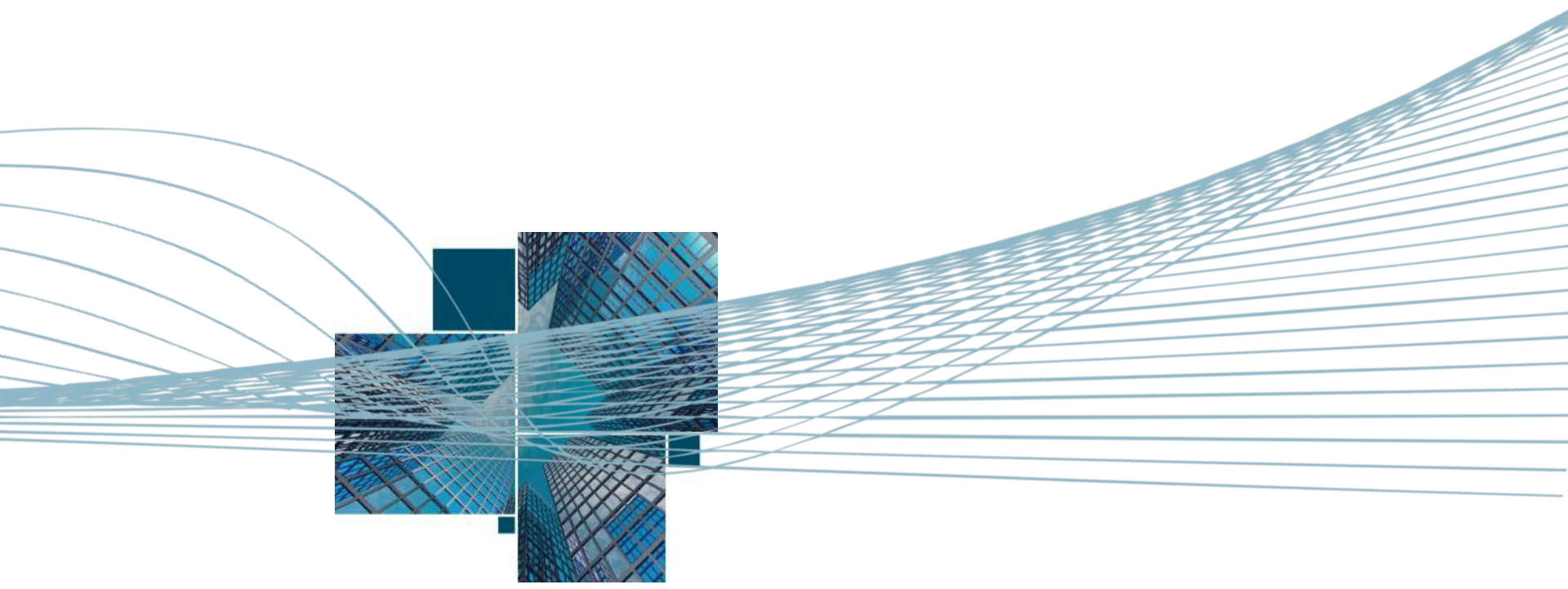
■ Discussion-based desktop exercise

- 3 – 6 hour facilitated activity ideal for maturing teams comprising:
 - A review of business continuity and crisis theory
 - Relevant case studies
 - Confirmation of the key risks and their ratings
 - A review of plans and protocols
 - Participation in a facilitated desktop exercise to:
 - Confirm the framework and protocols
 - Embed the response
 - Reinforce the key roles particularly of key decision maker(s) and facilitators/coordinators
 - Test and highlight areas for further development
 - Engage all participants
 - Debrief and report

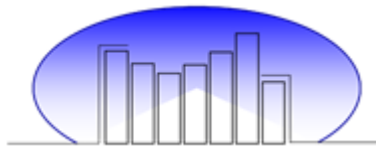
■ Simulated incident workshop

- 6 – 12 hour activity designed to test mature teams and force them to confront decision dilemmas (*i.e. there is no obvious right or wrong decision*):
 - Semi-live scenario that increasingly challenges the team to respond to a more complex incident
 - Can include a series of preliminary serials leading up to the exercise
 - Time Compression model
 - Interactive material
 - Role play
 - Test communications with stakeholders as well as response and recovery
 - Debrief and report

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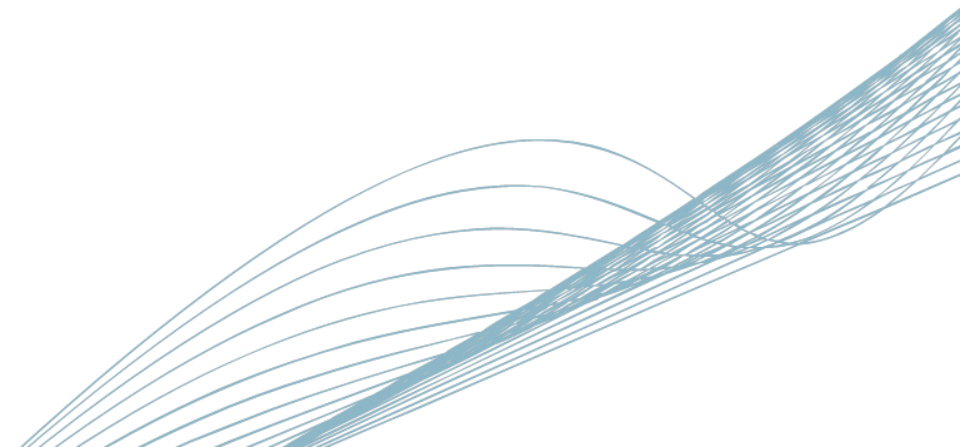
julian.heath@controlrisks.com

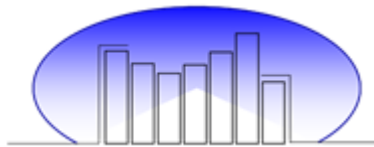


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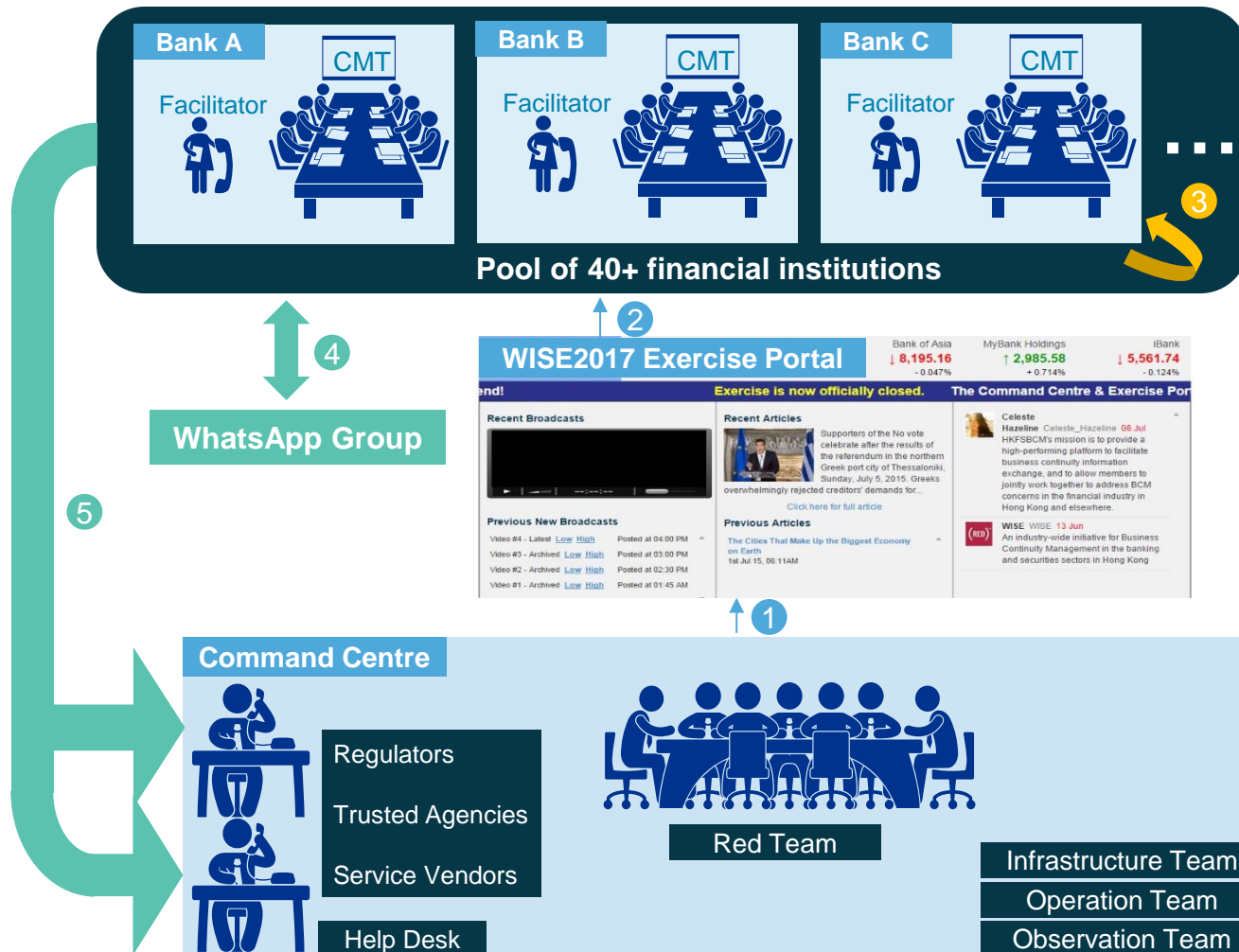
Practicalities

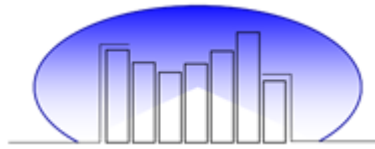
Will Brown | Director
Crisis and Resilience Consulting, Control Risks





Structure of the table-top exercise





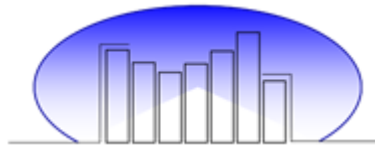
■ Delivery of a realistic, challenging and unfolding scenario

- Injects will be delivered in a closed loop environment through an online portal.
- The master events lists will include the flexibility to shift information serials around and will outline a potential range of interdependencies, escalations and outcomes.

Supporting material will be in the form of:

- Written material: emails, media injects
- Audio material: telephone exchanges, role-plays, media
- Audio-visual material: news reports, interactive role play
- Social media: Facebook, Twitter, blogs, WeChat, Weibo, WhatsApp





Role of the Facilitator

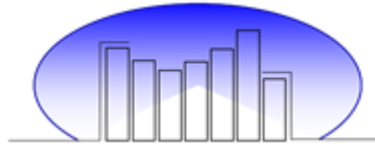
Overview

- The role of the Facilitator is to assist the Crisis Management Team (CMT) of their respective institution during the Interactive Session
- Ensure that all CMT members are assembled before commencing the Interactive Session

Two key responsibilities during Interactive Session

- Facilitate discussion within their respective institution's CMT to ensure that issues are properly discussed and addressed (not responsible for the response)
- Provide real-time feedback to the WISE2017 command centre on the progress of the simulation, tempo etc.





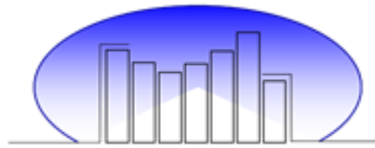
Logistics during WISE2017

Crisis Management Team Composition

- Members of senior management which form the organisation's formal Crisis Management Team
- Key decision makers in the event of a real life crisis

Room Requirements

- Pre-book the room for the exercise date
- Internet and phone connectivity
 - For effective liaison between participants, each organisation should provide a specific phone number and an email address where they can be reached during the exercise
- Ensure connectivity to the exercise portal is available in your location (white listing as required)



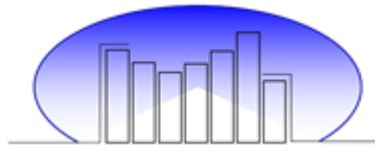
■ Timeline

■ September

- Week of 4 September: 1st Facilitator Training Session
- Thursday, 21 September 2017: 2nd Participant Briefing: Cyber Threats to the Financial Sector – *Trends and Forecast for the Year Ahead*
- Access to Control Risks Cyber Threat Intelligence Portal
- Another round of targeted media to raise awareness
- Access exercise portal to ensure connectivity from your CMT location

■ October

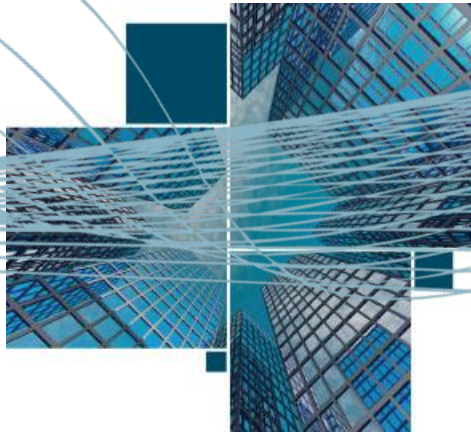
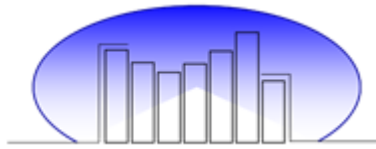
- Week of 9 October: 2nd Facilitator Training Session
- Throughout October - Connectivity testing & rehearsal from locations
- **Friday, 27 October 2017 (13:00 – 17:00): WISE2017**
 - Back up date: 10 November



After WISE2017

- Hot debrief for facilitators immediately after the exercise
- Post exercise survey
- Post exercise plenary with drinks and canapés in the evening of the exercise (**venue TBD**)
- Post exercise report, including:
 - Benchmarking of the participants' performance against:
 - Industry best practice
 - Mean performance
 - A review of all aspects of the WISE2017 including its development
 - Consolidation of feedback from facilitators; analysis of lessons learned
 - Detailed feedback and recommendations for future development

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Questions

info@hkwise.org