

***BEYOND FORCE MAJEURE: PRACTICAL STEPS
TO IMPLEMENT LESSONS LEARNED FROM
SUPERSTORM SANDY AND OTHER SYSTEMIC
CHALLENGES***

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Definitions:

- *Disaster Recovery*: involves strategies and plans to restore (your) disrupted systems and other critical resources as required to support the business
- *Business Continuity*: involves documented and formal arrangements for resuming critical business operations in a timely manner following a disaster or other disruption

Scope of this Session:

Assume that the disaster did not directly impact your organization but you nevertheless are experiencing a business disruption because those upon whom you rely (3rd Parties) have been directly impacted

BEYOND FORCE MAJEURE

Examples (from 9-11, Katrina, Superstorm Sandy):

- Disrupted phone connection for several days between FIs and financial markets/intermediaries due to destruction of telecommunications infrastructure supporting lower Manhattan
- Temporary dislocation of liquidity for FIs due to a disruption of any kind that creates a bottleneck in the processing of financial transax
- Interrupted mail service, possibly for days or weeks
- US Markets Closed/Foreign Markets open
- DTCC temporarily suspends physical securities processing and custody transactions
- Others from your experience?

Course of Action:

1. Think through probable business disruption/action in advance

What is your risk?

-- Predictability x Impact (duration)

Course of Action:

2. Vendor Continuity Management

- Understand your vendor/3rd party DR Plan**
- Participate in your critical vendor's DR Testing**

Course of Action:

3. Communication

- With your Employees

Course of Action:

3. Communication

– With your Customers

Course of Action:

3. Communication

- With your Regulators

Course of Action:

Communication

- Social Media Caution: Consider consumer protection laws, regulations, policies or concerns due to FI's use of social media
- FFIEC guidance:
<http://www.ffiec.gov/press/Doc/FFIEC%20social%20media%20guidelines%20FR%20Notice.pdf>

Course of Action:

4. Contracts/SLAs

Force Majeure: Best Friend or Worst Enemy?

Resources

- FEMA: Ready—Prepare, Plan, Stay Informed
 - <http://www.ready.gov/>
- Disaster Recovery: Guide to Financial Issues (AICPA)
 - http://www.cpa2biz.com/AST/Main/CPA2BIZ_Primary/PersonalFinancialPlanning/PracticeFinancialPlanning/PRDOVR~PC-017231/PC-017231.jsp
- State by State resources for individuals and businesses impacted disasters
 - <http://www.careeronestop.org/disasterrecoveryservices/default.aspx>