

Survey results on the BCP framework

Exchange of Information Task Force
Japan Securities Depository Center, Inc.

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As CSDs and CCPs, we are required to provide reliable, convenient and highly efficient services as the securities clearing and settlement infrastructure, an essential foundation of capital markets.

In recent years, we have been attracting attention to the response to infectious diseases such as COVID-19 and large-scale natural disasters year by year.

We provides a wide range of services, including not only its core securities clearing and settlement business but also its ancillary business, and is responsible for guaranteeing the continuity of its business.

As the environment surrounding us changes drastically, it is very important for us, which play a fundamental role in the clearing and settlement infrastructure, to quickly grasp the needs of the entire industry by raising its antenna and gathering and analyzing information on countermeasures against large-scale disasters and the formulation and execution of business continuity plans (BCP).

In light of this situation, we have conduct a survey about the BCP framework.

1. Presence of BCP sites

Do you have BCP sites, in addition to the main site?

All 15 CSDs / CCPs have set up BCP sites already

- ▶ Established multiple BCP sites
- ▶ Utilize BC sites by using multiple locations for conducting usual business operation simultaneously and in parallel (Dual site)
- ▶ Established a BCP site as a backup site for the data center (serves as an alternate site in the event in case the headquarters became not accessible)

When was the BCP site established?

- ▶ Before year 2000 4
 - ▶ 2000 ~ 2015 7
 - ▶ After 2015 5
- (N.A. 1) (Multiple Answer)

How far is the BCP site from your main site?

- ▶ Less than 10km 3
 - ▶ 10km ~ 100km 7
 - ▶ More than 100km ... 5
- (N.A. 1) (Multiple Answer)

2. BCP activation

In what kind of case will it be activated?

In case there is a significant impact on normal business operations, such as a major failure of the main site, which would cause the complete stop for processing of business operations

- ▶ Natural disasters ... fire, earthquake, typhoon, flood, etc.
- ▶ Political unrest..... terrorism, riots, etc.
- ▶ Technical failures ... system failures, communication failures, cyber attacks, and lost service from major vendors, etc
- ▶ Pandemic COVID-19, pandemic flu, endemic diseases etc.
- ▶ Lifeline outage Power outage, communication failure, etc

What triggers BCP activation?

- ▶ Decisions taken by the BCP task force, the CEO, the board of directors and the crisis management team (CMT).
- ▶ Emergency recovery and damage assessment teams
- ▶ Determined according to pre-established criteria (matrix of incident severity classification, a matrix categorizing the impact and duration of the incident)
- ▶ Generally, switching is not necessary for dual sites or hot-stand- by sites

2. BCP activation

How long does it take for actual activation?

- ▶ immediately 2
- ▶ within 30 min..... 4
- ▶ within 60 min. 3
- ▶ within 129 min. 6

Are there any operations temporarily suspended when BCP are activated?

- ▶ All operations will be continued 8
(In principle, all operations will be continued, but depending on the situation, some operations may be suspended) ... 2
- ▶ Only core operations will be carried out...7

Extension of cut-off-time?

- ▶ Possible ... 13
 - <Criteria> Decision to extend depends on the overall impact on operations and related stakeholders
 - <Decision> Requires regulatory approval, Crisis Management HQ decides, agrees extension in consultation with market participants
- ▶ Impossible ... 2
 - Cut-off time clearing and settlement through central bank RTGS system and payment systems can not be extended

3. After the pandemic

Do you plan to continue working remotely after the pandemic?

- ▶ Yes 4
- ▶ With conditions added ... 4
- ▶ No 5
- ▶ Not decided yet 2

Have you started to examine the change of such working style in anticipation of after the pandemic?

- ▶ Yes 13
 - ▶ No 1
- (N.A. 1)

Does remote access permitted for business operation systems handling settlement processing, etc.?

- ▶ Yes 9
 - ▶ With conditions added ... 4
 - ▶ Not allowed 2
- No access allowed to the central bank system and payment systems

Necessary to keep monitoring and assessing the situation for working as new normal

Thank you

Corporate Strategy Department
Japan Securities Depository Center, Inc.

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