

**1.1.3 OSC Staff Notice 11-759 – Business Continuity Planning**

**OSC STAFF NOTICE 11-759  
BUSINESS CONTINUITY PLANNING**

Business continuity is an ongoing priority for financial industry participants and financial regulatory authorities. Recent acts of terrorism, the 2003 outbreaks of Severe Acute Respiratory Syndrome (SARS), the Avian Flu, and various widespread natural disasters have served to heighten that priority by underlining the substantial risk of major operational disruptions to the financial system.

The Ontario Securities Commission (OSC) is part of the global efforts to identify the challenges and address the potential impact of any incidents that could disrupt normal business operations.

To aid the financial community's efforts in developing sound business continuity practices, the International Joint Forum<sup>1</sup> published a paper in August 2006 entitled *High-Level Principles for Business Continuity*.<sup>2</sup> In the paper, the Joint Forum states that financial regulatory authorities and financial industry participants have a shared interest in promoting the operational integrity of the financial system to major disruptions. This interest is the result of multiple factors, including:

- the pivotal role that financial intermediation plays in facilitating and promoting national and global economic activity;
- the concentration of clearing and settlement processes in most financial systems;
- deepening interdependencies among financial industry participants within and across jurisdictions; and
- the importance of public confidence in the ability of financial systems to function smoothly.

The Joint Forum paper defines business continuity management as "... a whole-of-business approach that includes policy, standards and procedures for ensuring that specified operations can be maintained or recovered in a timely fashion in the event of a disruption". It also indicates that "... effective business continuity management concentrates on the impact, as opposed to the source, of

the disruption, which affords financial industry participants and financial authorities greater flexibility to address a broad range of disruptions".

OSC Staff believe that financial industry participants as well as financial regulatory authorities should regularly test their business continuity plans, evaluate their effectiveness, and update their business continuity management.

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<sup>1</sup> Represents: Basel Committee on Banking Supervision, International Organization of Securities Commissions, International Association of Insurance Supervisors and the Bank for International Settlements.

<sup>2</sup> The paper is a revised version of the draft issued for consultation in December 2005. The paper is available on the websites of the Bank for International Settlements (BIS), the International Organization of the Securities Commission (IOSCO) and the International Association of Insurance Supervisors (IAIS).