



**LCH.CLEARNET LIMITED**

**PROCEDURES SECTION 6**

**BUSINESS CONTINUITY**

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## 1. BUSINESS CONTINUITY

### 1.1 Recovery Situations

The Procedures set out in this Section are intended to provide Clearing Members with a guide to the changes in working practices which would follow the invocation of the Clearing House's business continuity or disaster recovery plans ("Business Continuity Plans").

Due to the uncertain nature of the events which would lead to the need for business recovery the Clearing House reserves the right to depart from these Procedures to meet the characteristics of specific business recovery situations.

These Procedures provide for the evacuation or decommissioning of its principal office. The Procedures detail the alterations to the Clearing House's operations and also the action to be taken on invocation of the Business Continuity (BC) Plans.

### 1.2 Recovery Situations affecting Members' Ability to Perform Clearing Activities

1.2.1 *During Office Hours:* Clearing Members that are unable to perform clearing activities and as a result require the Clearing House's assistance should contact their usual contact at the Clearing House or the Help Desk on **+44 (0)20 7426 7200**.

1.2.2 *Outside Office Hours:* Clearing Members should telephone the Clearing House on **+44 (0)20 7426 7545**, leaving the following information:

Name:

Company Name:

Contact Telephone Number:

Brief Details of the Nature of the Problem:

A member of the Clearing House operational staff will then make contact regarding any assistance that can be given.

### 1.3 Principal Office Evacuation

1.3.1 *Communicating with Clearing Members:* Should the Clearing House be forced to evacuate its principal office it will need to inform its Clearing Members as soon as practicable. The following Sections detail a number of different messages that the Clearing House may wish to communicate. However, in all cases the means by which information will be disseminated is the same. Information will be communicated to Clearing Members by the following methods:

- posting messages on the Member Information Line toll free number 0800 1 69 69 09 (primary method);

- via Clearing House messaging, where applicable;
- posting messages on [www.lchclearnet.com](http://www.lchclearnet.com).

Some of the above communication methods can only be used to disseminate very short messages. However the toll free number is capable of recording a message of up to ten minutes duration, and handling unlimited concurrent connections. It is therefore likely to be the main method used for providing Clearing Members with progress reports following an initial broadcast message.

- 1.3.2 *Invocation of Business Continuity Plans:* The Clearing House is contracted with specialist providers for dedicated and syndicated work area recovery facilities. The agreement between the Clearing House and the providers stipulates that dedicated work area recovery positions will be available immediately.

Depending on the severity of an incident a full or partial invocation of the service may be required.

In the event of a metropolitan incident, critical clearing services will be handed over to another region in order to meet regulatory deadlines.

- 1.3.3 *Limited Invocation:* If the Clearing House's assessment of the incident suggests that reoccupation of its principal office will be possible within two hours, then it is likely that only the mission critical activities ("MCA") will be recovered to the recovery site. All other activities will cease until its principal office becomes available.

The following message will be posted in accordance with paragraph 1.3.1:

*"The Clearing House has invoked Business Continuity Plans for its MCA's. Please refer to the Clearing House's Procedures - Business Continuity for further information."*

Additional messages may be provided to Clearing Members of particular Services.

- 1.3.4 *Full Invocation:* Once a decision has been taken to proceed with full invocation of BC Plans Clearing Members will be informed at the earliest opportunity. This will be achieved by disseminating the following message using the methods described in Section 1.3.1 (*Communicating with Clearing Members*) above.

*"The Clearing House has invoked all Business Continuity Plans. Please refer to the Clearing House's Procedures - Business Continuity for further information."*

Additional messages may be provided to Clearing Members of particular Services.

It is anticipated that a maximum period of two hours will elapse between the invocation of full BC Plans and the relocation of recovery teams. During this time all of the activities normally carried out at its principal office will cease.

Please note that the Clearing House's primary data centre is not located at its principal office and so an evacuation of the principal office will not affect Clearing Members' ability to access IT applications. If the two main data centres are impacted by an incident, a failover will occur to the third (recovery) data centre.

1.3.5 *Delivery Deadlines:* If the incident occurs close to delivery deadline(s), Clearing Members will, on a reasonable endeavours basis, be notified as appropriate through available reporting channels, of any amendment to the delivery procedures.

1.3.6 *Imminent Expiry of Options*

**Clearing Members are reminded that the responsibility for exercising options prior to their expiry deadline lies solely with them and that any assistance given by the Clearing House is purely on a 'reasonable endeavours' basis. If an evacuation of its principal office coincides with an option expiry, this assistance may cease.**

If the Clearing House's invocation of BC Plans coincides with an option expiry, the notification of Clearing Members' option allocations and the deadline for the entry of option exercises may be delayed.

1.3.7 *Collateral:* In order to simplify the Treasury process, it is likely that a number of routine Treasury Procedures may be amended or suspended. The Clearing House will advise Clearing Members of these changes through available reporting channels, as necessary. These may include but are not limited to:

- the acceptance/release of securities and guarantees;
- the conversion of currencies; and
- the ability to cover liabilities using Collateral denominated in other currencies.

1.3.8 *Registration of Contracts:* The Clearing House will register new business in accordance with the relevant Procedures. However, the Clearing House reserves the right, at its discretion, to amend the timing of registration as it deems necessary in accordance with the BC Plans. In the event that registration is to be delayed the Clearing House will notify Clearing Members as soon as practically possible.

- 1.3.9 *New Address for Document Delivery:* Following invocation of the Business Continuity Plans the Clearing House will provide new address details for document delivery. The Clearing House will arrange to have its mail forwarded to its office recovery site.
- 1.3.10 *Permanent Change of Address:* The Clearing House is able to occupy the recovery site for a maximum of 90 consecutive days. If the incident is so serious that the Clearing House is unable to reoccupy its principal office within this time period, Clearing Members will be informed of the proposed new office location and contact numbers prior to occupation of the premises. This information will be communicated via the methods described in Section 1.3.1 (*Communicating with Clearing Members*) above.

Clearing Members will be informed of the date when the new arrangements will take effect.

- 1.3.11 *Return to Normal:* When the Clearing House is able to resume a normal service a message will be disseminated using the methods described in Section 1.3.1 (*Communicating with Clearing Members*) above. Assuming that it has been possible to return to its principal office the following message will be broadcast.

*"The Clearing House has returned to its principal office. Please revert to normal contact telephone numbers and procedures."*

If normal working is being resumed at a site other than its principal office Clearing Members will already have been informed of the new office location and contact numbers (see Section 1.3.10 (*Permanent Change of Address*) above). The following message will be broadcast.

*"The Clearing House is resuming normal service at <insert location name>. Please use the new contact numbers previously supplied."*

Additional messages may be provided to Clearing Members of particular Services.

#### 1.4 Clearing House Data Centre

- 1.4.1 *Failure of LCH's Data Centre:* If the Clearing House's primary data centre fails during business hours, those Clearing House IT systems that are used by Clearing Members will be temporarily unavailable while processing is transferred to the secondary data centre.
- 1.4.2 *Failure of LCH's Secondary Data Centre:* If following a failure of the primary data centre, the Clearing House's secondary data centre fails during business hours, those Clearing House IT systems that are used by Clearing Members will be temporarily unavailable while processing is transferred to the tertiary data centre.

## 1.5 **Compliance with Business Continuity Testing**

Clearing Members are required to participate in the Clearing House's BC Planning coordination and testing programs. The Clearing House will notify Clearing Members when it intends to carry out any such test via a member circular and via a posting on [www.lchclearnet.com](http://www.lchclearnet.com), at least 90 days in advance. The Clearing House will, prior to the date of any such test, provide Clearing Members with further details of the steps that will be required under the relevant program.