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March 2, 2007

To: All Commercial Banks,
Credit Institutions and
Micro Finance Deposit-Taking Institutions

Guidelines on Business Continuity Planning

We are forwarding to you copies of the guidelines on Business Continuity Planning prepared by the three Central banks of East Africa under the auspices of the Monetary Affairs Committee of the East African Community.

We request you to study the guidelines and submit your comments to the office of the undersigned not later than Friday, March 9, 2007.

Thank you for your usual cooperation.

J. Bagyenda (Mrs)
Executive Director Supervision

Copy to: Executive Secretary, UBA

East African Community - Monetary Affairs Committee (EAC-MAC)

The Joint Forum on Business Continuity

Guidelines on Business Continuity for Supervised Financial Institutions

Date: 1 March 2007

Background and Context

Business Continuity Management is a proactive process of developing, documenting and integrating processes, procedures, strategies and policies that allow an organisation to respond to a major disruption of its critical business functions to enable continuity with minimal disruption, if any. Business Continuity Management (BCM) is important for all financial institutions.

It is envisaged that supervised financial institutions that play significant roles in critical financial markets are those that participate in high volume transactions such that their failure to perform critical activities by end of business day could present systemic risk, thus must have comprehensive Business Continuity Plan (BCP).

Supervised financial institutions not directly participating in critical financial services but nonetheless performing financial activities deemed critical to regional or national financial sectors are also expected to establish BCM, with recovery capabilities commensurate with their roles.

Smaller, less complex supervised financial institutions generally do not need BCM, but are expected to fulfill their requirements in the event that their operations may affect other industry participants.

This document sets a high level guide to the supervised financial institutions of the East Africa region. The key concepts identified here for BCM should be considered in developing every Business Continuity Plan (BCP), but the degree to which they are actually implemented should be relative to the risk associated with the particular entity and size and complexity.

Overview of BCM

Business Continuity Management (BCM), a significant component of operational r management, is a whole-of-business approach that includes policies, standards or procedures for ensuring that specific operations can be maintained or recovered in timely fashion in the event of a disruption.

Its purpose is to minimise the operational, financial, reputational and other mater consequences arising from a disruption.

Effective Business Continuity concentrates on the impact, as opposed to the source the disruption, which affords financial institutions to address a broad range disruption.

Business Continuity Management typically incorporates business impact anal recovery strategies and business continuity plans as well as testing program training and awareness programmes, communication and crisis managem programmes:

1. A *Business Impact Analysis* (BIA) is the starting point – it is a dynamic proces identifying critical operations and services, key internal and exte dependencies, and appropriate resilience level. It assesses the risks and pote impact of various disruption scenarios on an organisations operations reputations
2. A *recovery Strategy* sets out recovery objectives and priorities that are base the business impact analysis. Among other things, it establishes targets for the of service the organisation would seek to deliver in the event of a disruption the framework for ultimately resuming business operations.
3. *Business Continuity Plans* (BCP) provide detailed guidance for implementin the recovery strategy. They establish the roles and alleviate responsibiliti managing operational disruptions and provide clear guidance regardin the succession of authority in the event of disruption that disables key personnel

also set out the decision-making authorities and define the triggers for invoking the plan. Safety of staff should be the paramount consideration of an organisation business continuity plan.

The next sections prescribe the Guidelines on Business Continuity Management for supervised financial institutions of the East African region.

PART 1

PRELIMINARY

1. Citations and Commencement

(1) These Guidelines may be cited as " Guidelines on Business Continui Management for Supervised Financial Institutions, 2007".

(2) These Guidelines shall come into force on..................

2. Application

These Guidelines shall apply to all supervised financial institutions in the Republic I Uganda.

3. Objectives

(1) To ensure that business operations are not adversely disrupted in the even d disaster.

(2) To reduce the likelihood and impact of operational disruption and en business continuity.

4. Rationale

(1) The implications of a financial institution running out of business after a n disaster are enormous.

(2) Form a basis for regulatory expectations for BCP Examination

(3) Ensure that financial institutions in the East African community a compliance with the Bank International Settlement (BIS) 7 high-level prin for Business Continuity.

5. *Interpretation*

In these Guidelines, unless the contrary intention requires:

Alternate Site	Means a site held in readiness for use during a business disruption event to maintain an organisations' business continuity
Business Continuity	Means a state of continued, uninterrupted operation of a business
Business Continuity Management	Means a whole-of-business approach that include policies, standards and procedures for ensuring that specific operations can be maintained or recovered in a timely fashion in the event of disruption. Its purpose is to minimise the operations, financial, legal, reputational and other material consequences arising from disruption.
Business Continuity Plan	Means a comprehensive written plan of action that sets out procedures and systems necessary to continue or restore operations of an organisation in the event of disruption
Business Impact Analysis	Means a process of identifying, and measuring the impact or loss of business processes in the event of disruption. It is used to identify recovery priorities, recovery resource requirements, essential staff and to help shape business continuity plan
Communication Protocols	Means established procedures for communicating that are agreed in advance between two or more parties internal or external to the organisation. Such

	procedures also include the nature of information th should be shared with internal and external parties ar how certain types of information should be treate (public or non public)
Critical Services	Means any activity, function, process or service, the lo of which would be material to the continued operatio of a financial institution.
Emergency Response Organisation	Means an organisation responsible for responding hazards to the general population (e.g. fire brigad polices services, hospitals)
Financial Authority	Means a regulatory or supervisory organisation havi responsibility for safeguarding and maintaining pub confidence in a financial system
Major operational disruption	Means high impact disruption of normal busin operations, affecting a large metropolitan geographic area and the adjacent communities th are economically integrated with it
Operational Risk	Means the risk of loss from inadequate or failed inter processes, people and systems or from external even
Supervised Financial Institutions	Means a banking institution or other financial institut that is subject to some level of regulation and supervision by a financial authority.
Recovery	Means the rebuilding of specific business operati following a disruption to a level sufficient to m outstanding business obligations
Recovery level	Means the target level of service that will be provi in respect of specific business operation aft disruption

Recovery Objective	Means a predefined goal for recovering specific business operations and supporting systems to a specified level of service (recovery level) within defined period following a disruption (recovery time)
Recovery Time	Means an element of recovery objective, which defines the duration of time to resume a specified business operation. It has two components, the duration of time from activation of business continuity plan to the recovery of the specific business operation.
Risk Assessment	Means the process of risk identification, analysis, evaluation and measurement.

PART 2

GUIDELINES

G1: Board and Senior Management Responsibility

The ultimate responsibility for Business Continuity Management rests with the bo and senior management of the supervised financial institutions. A financial instituti board of directors and senior management shall ensure:

1. That policies and strategies for Business Continuity are developed by se management and approved by the board, and are in line with the institutio business strategy and plans
2. That sufficient human and financial resources are available for BCM
3. That roles and responsibilities for BCM are clearly defined.
4. That BCP are reviewed on an annual basis;
5. That the BCP is kept up to date and employees are trained and aware of th roles in its implementation;
6. That there is framework for regular reporting to the board and senior managem on matters related to business continuity activities;
7. That the institutions' business continuity management is subjected to in independent review on regular basis.
8. Compliance with regulatory and legal requirements for business continuity.

G2- Major Operational Disruptions

Supervised financial institutions should incorporate the risk of, and how they will respond to major operational disruptions that affect their institution and the industry. In this regard supervised financial institutions should ensure that:

1. An enterprise –wide risk assessment and business impact analysis is periodically conducted to identify the mission critical activities and potential for major disruptions.
2. The institution develops a business continuity plan to respond to major disruptions.
3. BCP is updated periodically to reflect the changes in the financial institution operational risk profiles
4. The alternate recovery site is established and is sufficiently remote from the primary site for recovery and resumption of business operations
5. The alternate site has sufficient current data, equipment, systems and any other necessary requirements for recovery
6. The institution defines their recovery objectives for resumption of mission critical activities.
7. The business continuity plan addresses the staff requirements and reallocation at the alternate site in the event of a major disruption

G3-Recovery Objectives

Supervised financial institutions should develop recovery objectives that reflect the ris they represent to the operation of the financial system. Institutions should factor i interdependency risks when developing their recovery objectives. Consequentl supervised financial institution's business continuity management should:

1. Make an assessment of the risks they pose to the financial sector based on critic services they provide and their significance to the financial system
2. Identify, those business functions and operations to be recovered on a priority ba and establish recovery objectives
3. Establish recovery objectives proportional to the risk they pose to the financi system.

G4-Communications

Supervised financial institutions should include in their business continuity plans procedures for communicating within their institutions and with relevant external parties in the event of major disruptions. The communication procedures for a financial institution should:

1. Identify staff responsible for communicating with internal and external stakeholders
2. Develop contact lists for emergency management teams, local emergency response organisations and critical service providers
3. Address obstacles that may arise due to failure in primary communications systems
4. Ensure regular updating and testing of call trees
5. Ensure that copies of business continuity plan are disseminated to the relevant personnel.