



May 26, 2013

**Circular Number C-06-2422**

To:

The banking corporations and credit card companies

**Issue: Business continuity management**  
(Proper Conduct of Banking Business Directive 355)

**Introduction**

1. The robustness of the banking system is assessed first and foremost by its ability to continue its business functioning in a possible outline of incidence, in respect of which significant damage can be expected to the banking system's sites, infrastructure, data and employees.
2. Proper Conduct of Banking Business Directive 355 (hereinafter—the Directive) requires the banking corporations to prepare for national and other reference scenarios that may cause them significant damage. Furthermore, individual reference is made to the need to maintain alternate sites to the main bank sites, including a disaster recovery site that is intended for the reinforcement of data and information systems.
3. The Directive sets forth the Banking Supervision Department's position regarding the parameters that must be taken into account when determining the distance between the main and alternate sites, but standards were not set for protecting these sites.
4. Following a critical site protection survey that was carried out within the banking system, and following consultations with the Advisory Committee on Banking Business and with the approval of the Governor, I have decided to update the Directive as detailed below.

**Amendments to directive**

5. In Section 3 of the Directive (Definitions), definitions of “reference scenario”, “main site” and “critical site” have been added.
6. In Section 6(c)(4) of the Directive (Business Continuity Plan), the term “critical operations” has been replaced with the term “critical operation or service”.
7. Section 10 of the Directive (Protection of Critical Sites) has been added, as part of which guiding principles for the minimum protection of the various critical sites for the purpose of withstanding national and other reference scenarios have been set out.



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**Applicability**

8. The contents of this circular are applicable from the date it is published.
9. A banking corporation that does not meet the minimum protection requirements set out in Section 10 of the Directive shall submit an operative plan to the Supervisor of Banks with a defined timetable for narrowing the gaps until they are completely closed.

**File update**

10. Update pages for the Proper Conduct of Banking Business Directives file are attached. The following are the update instructions:

**Remove page** (12/11) [1] 355-1-16

**Insert page** (05/14) [2] 355-1-18

Sincerely,

**David Zaken**

Supervisor of Banks