

BANQUE DU LIBAN

Basic Circular No 123

Addressed to Banks and Auditors

Attached is a copy of Basic Decision No 10227 of August 21, 2009, relating to the Business Continuity Plan.

Beirut, August 21, 2009

The Governor of the Banque du Liban

Riad Toufic Salamé

BANQUE DU LIBAN

Basic Decision No 10227

Business Continuity Plan

The Governor of the Banque du Liban,

Pursuant to the Code of Money and Credit, notably the provisions of Articles 70 and 174 thereof; and

Pursuant to the Decision of the Central Council of the Banque du Liban, taken in its meeting of August 19, 2009,

Decides the following:

Article 1:

In order to ensure business continuity in case of disaster, or any other event that may impede them from doing business normally, all banks operating in Lebanon must prepare a Business Continuity Plan within one year from the promulgation date of this Decision.

This Plan must include:

- Preventive and prudential procedures.
- Detection procedures to ascertain the occurrence of the disaster.
- Rescue procedures, or disaster and post-disaster operation modes.
- Procedures for resuming normal operation mode.

Article 2:

In order to prepare the Business Continuity Plan, banks must adopt general principles based on ISO IEC 27002-2005 Standard, including particularly:

1- Risk classification

This measure aims at identifying risks that may affect the bank's business continuity and prompt the implementation of the Business Continuity Plan, in order to determine the various disaster scenarios to which the bank may be exposed.

These risks may, for indicative purposes but not restrictively, stem from:

- a- Natural disasters (storms, floods, fires, earthquakes...)
- b- Man-made incidents (wars, riots, rebellions, theft, terrorist acts, strikes...)

2- Bank activity classification

This measure aims at listing the activities carried out by the bank in normal circumstances, as well as determining the importance of each activity and the maximum acceptable period of its interruption. The bank's activities may, for instance, be classified as follows:

- a- **Critical activities:** their purpose is to ensure business continuity in the bank; they must be carried out with no interruption.
- b- **Necessary activities,** but not critical: they may be interrupted for a short period.
- c- **Optional activities:** they may be interrupted for longer periods.

3- Activity selection under disaster and post-disaster operation modes

This measure aims at selecting the activities that must be carried out with no interruption to ensure business continuity in the bank, under disaster and post-disaster operation modes. Such selection is to be based on the classification of the bank's activities in normal circumstances, thus reducing them for a limited period to the basic and necessary, until normal operation mode is resumed.

4- Resource classification and provision under disaster and post-disaster operation modes

This measure aims at providing all resources needed for carrying out the activities selected according to Paragraph 3 above, so that resources may be classified according to necessity and ease of access under disaster and post-disaster operation modes, provided difficult-to-find equipment is secured during the preparation stage of the Plan.

For this purpose, needed resources would be classified, for instance, as follows:

- a- **Critical resources:** needed to fulfill critical activities.
- b- **Necessary resources:** needed to fulfill necessary activities.
- c- **Optional resources:** allow an easier and better fulfillment of activities, even if procured at a later stage.

5- Alternate site selection

Prevailing circumstances and disaster type must be taken into consideration in selecting an alternate site for conducting business activities under disaster and post-disaster operation modes, provided the site meets the following criteria:

- a- Geographically: to be located away from the main site.
- b- Politically: to be located in a stable region, not exposed to unrest.

- c- Security: to be located in an area than can be properly secured.
- d- Accessibility: to be located in an area that can be accessed by more than one means of transportation.
- e- Service availability: to be equipped with necessary services (electricity, communications ...)
- f- Equipment: to be equipped according to the classification indicated above, in Paragraph 4.
- g- Readiness: the readiness level is to be selected according to what follows:
 - § Hot site (continuous readiness).
 - § Warm site (partial readiness).
 - § Cold site (minimum readiness).

6- Selecting implementation staff, and determining their duties and responsibilities

The proper implementation of the Business Continuity Plan requires the identification, description and documentation of the tasks and duties needed for operating the Plan. It requires also the preparation of a list of key personnel and their alternates, qualified for managing the various activities to be executed, with distribution of their roles and tasks. This list should include: (a) staff members who are authorized to make decisions on activating the Plan, committing the bank and signing on behalf of it, or coordinating among team members; (b) staff members responsible for carrying out banking operations, keeping detailed information on the logistic situation of concerned people, and ensuring various communication tools between members of the team in charge of the Plan.

These staff members should be selected according to the following bases and criteria:

- a- Ability to carry out the Plan and authority to commit the bank.
- b- Fitness to work in difficult circumstances.
- c- Ability to perform the various tasks required under the Plan.
- d- Selection of several persons capable of executing the required job, based on geographical distribution and the existence of multiple contact channels with each of them.
- e- Residing in a place relatively close to the alternate site.

7- Training staff entrusted with operating the Plan

Staff members in charge of operating the Business Continuity Plan must be adequately trained, and be prepared to implement it when needed.

8- Data transfer and software maintenance

The purpose of this measure is to provide secure communication channels for safe data transfer between the main and alternate sites. It aims also at updating information, data and software layers and securing their maintenance, in order to keep the alternate site ready and harmonized with the main site.

9- Security procedures

The security of the Business Continuity Plan is an extremely important issue, due to its impact on transferring vital information to the alternate site.

Therefore, it is necessary to check continuously all aspects of the Plan security, by verifying reliability, preventing violations, and denying unauthorized access to information. Accordingly, the following security points must be regularly checked:

- a- Physical security and environmental control (electricity, fire ...).
- b- Security of communication channels, and protection of the IT system from hacking.
- c- Proper functioning of the IT system in the alternate site.

10- Plan implementation procedures

All procedures, plans and role distributions must be specified and documented in a proper manner that allows their use in implementing the Plan when needed. They would form, in combination, a user manual that includes, at least, the following elements:

- a- Announcement mechanism for activating the Plan.
- b- Distribution of roles and assignment of implementation staff.
- c- Procedures for managing operations in the alternate site.
- d- Materials needed to complete IT equipment in the alternate site, and a list of equipment suppliers.
- e- Safety procedures.
- f- Security procedures
- g- A list of support equipment suppliers for the alternate site (non-IT equipment, such as furniture, phones, UPS ...)
- h- Procedures for resuming normal operation mode and moving back to the main site.

11- Testing the Plan

Once its components are in place, the Plan must be tested. Disaster simulation must be conducted one time at least, in order to verify the efficiency of the alternate site, where needed, and to ascertain the ability, efficiency and readiness of the persons responsible for implementing the Plan.

12- Updating the Plan

Following its finalization and approval, the Plan must be continuously updated, according to changes, such as:

- a- A change in the staff assigned to implement the Plan, or in their responsibilities.
- b- A change in equipment and software.
- c- A change in the activities of the bank.
- d- A change in the security system and procedures.

Article 3:

Banks may increase and adapt the measures indicated in Article 2 above, according to their own needs and situation.

Article 4:

Banks' auditors must:

- 1- Make sure that concerned banks have set up a Business Continuity Plan, along with complementary policies and procedures.
- 2- Properly assess the Plan and its complementary policies and procedures, and make judgments about their adequacy, effectiveness and efficiency.

Article 5:

This Decision shall come into force upon its promulgation.

Article 6:

This Decision shall be published in the Official Gazette.

Beirut, August 21, 2009

The Governor of the Banque du Liban

Riad Toufic Salamé