# Risk Management Tips To Consider For Your Business Continuity Plan (BCP)

**Step 1: Prior to Authoring or Reviewing your BCP, Take the Following Steps:**

1. Define senior management's involvement
2. Assess the adequacy of resources
3. Determine the frequency with which the plan was historically reviewed and updated (annually, more frequently) and types of tests conducted
4. Evaluate firm training plan for BCP
5. Review Annual Review forensic tests by Compliance
6. Define all mission critical systems and critical parties
7. Provide detailed back-up facilities information
8. Memorialize and provide contact information for third party vendors and major counterparties; evaluate any previous BCP due diligence conducted
9. Define short-term and long-term strategies within the BCP
10. List alternative forms of communication to be utilized in the event of a SBD between customers and the firm and the firm and its employees
11. Consider data back-up timing and capacity

**Step 2: Draft/Update the BCP**

When drafting the BCP, specific elements need to be customized and tailored to the needs of the organization. Generally, regardless of size, all BCPs should address the following areas:

1. All of the above information
2. Back-up and recovery of firm books and records (both hard copy and electronic)
3. Protocols for financial and operational assessments
4. Critical employees (including a BCP team)
5. Alternate physical location of employees
6. Critical business constituents, banks, and counter-parties, and impact with each
7. Regulatory reporting requirements
8. Communications with regulators
9. How the firm will service its customers
10. How the firm will provide prompt access to their funds and securities in the event that the firm is unable to continue its business.

**Step 3: Provide EE Training and Test the BCP**

The objective of the BCP is to understand the firm's critical operations, how the firm will rapidly recover those operations in the face of a SBD and address potential inaccessibility of employees. It is critical to test understanding of the BCP protocols and evaluate critical business continuity arrangements so that they will be effectively implemented when needed.

**Risk Management Tip:** Designate a key person from the firm's senior management team to review and approve the plan once it is drafted. Have that person oversee the testing of the BCP, which should occur no less than annually. For broker-dealers, the designated senior management team member also should be a registered principal.