
LCH LIMITED
PROCEDURES SECTION 6
BUSINESS CONTINUITY

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1. BUSINESS CONTINUITY

1.1 Recovery Situations

These Procedures 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, and detail the alterations to the Clearing House's operations and the action to be taken on invocation of the Business Continuity 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 Service Desk on **+44 (0)20 7426 7200**.

1.2.2 *Outside Office Hours:* Clearing Members that are unable to perform clearing activities and as a result require the Clearing House's assistance should telephone the Service Desk on **+44 (0)20 7426 7200** leaving the following information:

Name:

Company Name:

Contact Telephone Number:

Brief Details of the Nature of the Problem:

A member of the Clearing House 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 Clearing House may wish to communicate a number of different messages to its Clearing Members and may use either or both of these methods of communication:

- via Clearing House messaging, where applicable; and
- posting messages on www.lch.com.

1.3.2 *Invocation of Business Continuity Plans:* Depending on the severity of an incident, a full or partial invocation of Business Continuity Plans may be required. Recovery options available include the use of dedicated work area

recovery facilities, regional handovers and remote access capabilities for all staff.

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, as determined by the Clearing House, will be recovered at a recovery site. In the event of a metropolitan incident, critical clearing services may be handed over to another region in order to seek to ensure continuity of business (including meeting regulatory deadlines).

If a decision has been taken to proceed with full invocation of Business Continuity Plans, Clearing Members will be informed at the earliest opportunity. 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 Business Continuity Plans and the relocation of recovery teams. During this time, the activities normally carried out at the Clearing House's principal office will cease.

The Clearing House operates data centres that are geographically distinct and that are not located at its principal office, which means that an evacuation of the principal office will not affect Clearing Members' ability to access IT applications.

1.3.3 *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.

1.3.4 *Imminent Expiry of Options*

The responsibility for exercising options before their expiry deadline lies solely with Clearing Members and any assistance given by the Clearing House is on a reasonable endeavours' basis only. If an evacuation of its principal office coincides with, or is soon before, an option expiry, this assistance may cease.

If the Clearing House's invocation of Business Continuity 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.

1.3.5 *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;
- the conversion of currencies; and

- the ability to cover liabilities using Collateral denominated in other currencies.
- 1.3.6 *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 Business Continuity Plans. If registration is to be delayed, the Clearing House will notify Clearing Members as soon as practically possible.
- 1.3.7 *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.
- 1.3.8 *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 before 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.

1.4 **Clearing House Data Centres**

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.

1.5 **Compliance with Business Continuity Testing**

Clearing Members are required to participate in the Clearing House's business continuity 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.lch.com, at least 90 days in advance. The Clearing House will, before the date of any such test, provide Clearing Members with further details of the steps that will be required under the relevant program.