

FREQUENTLY-ASKED QUESTIONS GUIDING PRINCIPLES ON BUSINESS CONTINUITY MANAGEMENT

A. REGULATORY EXPECTATION

1. What is Labuan FSA's expectation on the compliance with the best practices outlined under the Guiding Principles on Business Continuity Management (GP)?

- As specified under paragraph 2.2 of the GP, Labuan financial institutions (LFIs) are only required to comply with the minimum requirements.
- While the adoption of the best practices is not mandatory, LFIs are encouraged to adopt them over time so that their business continuity management (BCM) will be able to cater for the growing size and complexities of their business operations. To clarify, any LFI that does not adopt the GP's best practice recommendations would not be considered as regulatory non-compliant.

B. APPLICABILITY

2. What is the treatment for other LFIs which are not scoped in under the GP?

The GP is applicable to LFIs specified under paragraph 3.1 of the GP. Notwithstanding this, other LFIs may utilise the GP as a guide in developing and effecting their own BCM, where applicable.

C. RESPONSIBILITIES OF THE BOARD AND SENIOR MANAGEMENT

3. Is it compulsory for an LFI to appoint an independent party (e.g. external auditors, consultants etc.) to undertake an external review of its BCM as specified under paragraph 7.3 (ii) of the GP?

- The requirement to have an independent external review of BCM is a best practice recommendation and not mandatory.
- However, at the minimum, the LFI is required to ensure that its BCM's review is covered under the scope of its internal audit. For the LFI that leverages on its

group's BCM, such audit can be undertaken by the group's internal audit as specified under paragraph 13.4.

D. RISK-BASED RECOVERY STRATEGY

4. In the event that an LFI triggers its BCM due to a disruption and operates from alternate site or works remotely, can this be a permanent arrangement for its operations?

- The BCM under the GP is intended to serve as a temporary arrangement to ensure operations and provision of services by the affected LFI remain uninterrupted during a disruption incidence. The LFI is expected to return to its primary business site once the disruption has ended or resolved; or in the event that the critical business functions can be resumed from the primary site.
- Any remote working arrangements such as the usage of the head office and group's facilities, co-located office or work from home shall be regarded as temporary measures only.

E. IT DISASTER RECOVERY PLAN (DRP)

5. Would activities which are outsourced by an LFI to its Group be regarded as external party service arrangements under the GP?

Yes, the GP's requirements are applicable to intra-Group arrangements subscribed by the LFI.

6. Is it compulsory for an LFI to have a dedicated personnel to be responsible for maintaining and keeping the IT DRP and arrangements up-to-date as specified under paragraph 10.4 of the GP?

To clarify, having a dedicated IT personnel for DRP is only a best practice recommendation. In this regard, LFIs may leverage on their group/head office's centralised IT resources and expertise in maintaining their DRP.