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269

Office of Thrift Supervision

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This rescission applies to the transmitting document only and not the attached interagency guidance. Refer to (OCC 2008-06) for the status of the attached interagency guidance.

March 19, 2008

MEMORANDUM FOR: CHIEF EXECUTIVE OFFICERS

FROM:

Timothy T. Ward
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Examinations, Supervision, and Consumer Protection

SUBJECT:

*Information Technology Examination Handbook-
Updated Business Continuity Planning Booklet*

The Office of Thrift Supervision, along with the other federal banking agencies, has released an update to the Business Continuity Planning Booklet of the Federal Financial Institutions Examination Council's (FFIEC's) *Information Technology Examination Handbook*.

The revised Business Continuity Planning Booklet provides updated guidance for examiners, savings associations, and their technology service providers to identify enterprise-wide business continuity risks and to evaluate the adequacy of mitigating controls and risk management practices. The revised Booklet replaces the 2003 version and addresses changes in technology and in business and regulatory environments, including lessons learned from Hurricanes Katrina and Rita and the need to plan for pandemic emergencies.

Major revisions to the Business Continuity Planning Booklet include the following:

Risk Monitoring and Testing (pages 17-28) - Addresses testing requirements for serviced versus in-house financial institutions and clarifies the descriptions of the various testing methods.

Other Policies, Standards, and Processes (pages 29-34) - Contains additional guidance regarding security standards, project management, crises management, incident response, remote access, and notification standards.

Internal and External Threats (Appendix C) - Added text addresses technical problems resulting from Hurricanes Katrina and Rita (e.g., communications failure and problems encountered with customers, employees, and third-party service providers).

Pandemic Planning (Appendix D) - The threat of a pandemic outbreak presents unique business continuity challenges, and financial institutions should have plans in place that address how they will manage a pandemic event. The methodologies detailed in this new appendix provide a framework for financial institutions to develop and execute their pandemic plans.

Interdependencies (Appendix E) - Revisions address interdependencies associated with telecommunications infrastructure regarding single points of failure and related diversity guidelines. Third-party interdependencies and related telecommunications issues, liquidity concerns, transaction processing and report distribution, and due diligence requirements are also addressed.

Business Impact Analysis (BIA) (Appendix F) - Based on recommendations from small- to medium-sized financial institutions, this new section of the Booklet provides financial institution management with specific steps they can follow to prepare a BIA.

Business Continuity Plan Components (Appendix G) - Based on interviews with financial institutions affected by Hurricanes Katrina and Rita, the most significant problems faced by management were the lack of qualified personnel; communications breakdowns between financial institutions, regulators, and service providers; the unavailability of telecommunications systems; cash shortages; and unfamiliarity with back-up operations. Revisions to this section address mitigation strategies to resolve potential problems surrounding these issues.

Testing Program - Governance and Attributes (Appendix H) - This new section addresses testing processes and expectations.

An electronic version of the Business Continuity Planning Booklet is available on the FFIEC website at www.ffiec.gov/ffiecinfobase/html_pages/it_01.html.

Questions regarding this guidance should be directed to Lewis C. Angel, Technology Program Manager, Information Technology Risk Management, (202) 906-5645. For further information on technology risk management issues, see OTS's Internet site at www.ots.treas.gov/supervision/issuances.