

**2019 INDUSTRY-WIDE BUSINESS CONTINUITY PLANNING TEST  
FREQUENTLY ASKED QUESTIONS**

*Updated April 18, 2019  
Test Date: October 26, 2019*

**Q. 1: Is the 2019 BCP test mandatory for IIROC Dealer Members? Do I have to participate?**

A. Recent amendments to National Instrument 21-101 *Marketplace Operation* (NI 21-101) now require all market participants enumerated in Part 12.4.1 to participate in all industry-wide BCP tests as determined by IIROC or the securities regulatory authority in Québec:

“A marketplace, recognized clearing agency, information processor, and participant dealer must participate in all industry-wide business continuity tests, as determined by a regulation services provider, regulator, or in Québec, the securities regulatory authority.”

“Participant dealer” is defined in National Instrument 23-103 *Electronic Trading and Direct Electronic Access to Marketplaces* as meaning: a) a marketplace participant that is an investment dealer, or b) in Québec, a foreign approved participant as defined in the Rules of the Montréal Exchange Inc., as amended from time to time.

A listing of IIROC Dealer Members who meet the definition of “participant dealer” is available:

[http://www.iiroc.ca/industry/Documents/PeerGroupList\\_en.pdf](http://www.iiroc.ca/industry/Documents/PeerGroupList_en.pdf)

[http://www.ocrcvm.ca/industry/Documents/PeerGroupList\\_fr.pdf](http://www.ocrcvm.ca/industry/Documents/PeerGroupList_fr.pdf)

IIROC Dealer Members not subject to NI 21-101 may elect to participate on a voluntary basis.

**Q. 2: Must I participate in the both elements of the 2019 BCP test: i) processing simulated transactions and ii) Crises Communication Centre (CCC)?**

A. The CSA previously stated its views that the increase in marketplace fragmentation for listed equities has made the recovery process in the case of a disaster significantly more complex and that a successful industry-wide BCP test is key to any realistic expectation of a Canadian capital markets recovery from a major disaster within a reasonable length of time. In consultation with the CSA and FOAS Contingency Planning Subcommittee a threshold for full participation (processing simulated transactions and CCC) was developed. Absent an exemption from the applicable members of the CSA, participant dealers with trading volumes above 1 billion net trades/year are required to:

- process test scripts to simulate trading activity and
- participate in the concurrent testing of IIROC’s CCC by confirming receipt of a test message or messages.

Absent an exemption from the applicable members of the CSA, participant dealers below 1 billion net trades/year are required to participate in the testing of the CCC and *may elect* to process test scripts to simulate trading activity.

Dealer Members not subject to Part 12.4.1 of NI 21-101 may participate on a voluntary basis by participating in the CCC component of the test and *may elect* to process test scripts to simulate trading activity.

**Q. 3: What is the test scenario for October 26, 2019?**

A. The test scenario for October 26, 2019 is for IIROC's Dealer Member participants to test out of their production/primary data processing sites while the service providers will be testing out of their Disaster Recovery (DR) data processing sites. IIROC Dealer Members wishing to test out of the DR or non-production/primary data processing sites should identify their intentions in the their Dealer Member questionnaire and provide advance notice to relevant counterparties.

**Q. 4: What are the goal and objectives of the test?**

A. The goal of the test is to validate the ability of Dealer Members to process transactions where most back-office and trading staff normally work. For the service providers, the goal is to validate the ability of the service provider to process transactions without access to their main data center. Another goal is to validate the ability of Dealer Members to process transactions to the back-up processing sites of the service providers.

**Q. 5: What does the term "alternate site" mean?**

A. The test is intended to test the ability of Dealer Members to process transactions from their production/primary data processing sites to the service providers' (markets, settlement services, service bureaus, routing services, etc.) alternate DR data processing sites. Alternate sites generally cover operational as well as processing areas.

**Q. 6: Front to back transaction testing has been discussed. Is that the scope of the test?**

A. Transactions in this test will be limited to processing a specific number of agreed transactions directly with the chosen service provider. Where feasible, some back-end processes may be included in the test. The scope of the test is still under consideration by the Working Group.

**Q. 7: What are the criteria for a successful test?**

A. The test will be successful if IIROC Dealer Member participants are able to connect from their production/primary data processing sites to the service providers' DR data processing sites they are testing with and process agreed pre-scripted transactions successfully.

**Q. 8: Will there be defined transactions to process?**

A. Yes. For the 2019 equities test (including ETFs), Dealer Members will decide how many trades they wish to process with a minimum of 5 and a maximum of 25 trades per participant. For each trade, Dealer Members will decide transaction volumes.

Equity trades are scripted in the test scripts where test symbols and transaction protocols are defined. Test scripts will be available in the Test Day folder on the iMeet Central portal and are being developed by the Working Group.

Equity trades may be made on all exchanges and ATS's. Each ATS and exchange has a set of inter-listed test symbols that will be used by Smart Order Routing (SOR) systems to route trades to the ATS or exchange with the best price. Each ATS and selected exchanges have symbols that are unique. This will allow for trades to be directed to a specific ATS or exchange.

For mutual funds, fixed income, options and futures, Dealer Members will be required to process specific scripted transactions (one buy and one sell for the type of product being tested). Test symbols will be used for all test transactions.

**Q. 9: For the purposes of this test, what is the definition of a transaction? For example is it strictly a purchase/sale order for a security or an accounting transaction or a receive/deliver transaction?**

A. The transactions will be defined in test scripts that will be distributed to participants once finalized by the Working Group. There will primarily be purchase and sale (or redemption) transactions. There will be no actual deliveries and no exchanges of cash. Transactions may also include certain back office type transactions such as transfers and account openings.

**Q. 10: What is the scope for this exercise?**

A. The test will go beyond connectivity testing (to service providers' DR sites) to processing a number of agreed transactions, to receiving trade confirmations. Trades will also be passed on to clearing agencies and service bureaus. Certain aspects of market dynamics such as order routing will also be tested. Test transactions will include equities, mutual funds, fixed income, GICs, CDS MM, EFT, futures and options. The scope will also include testing retail and institutional functionality and IIROC's CCC.

**Q. 11: Will all costs be covered by the participants?**

A. All costs will be covered by the participants except for the stakeholder reception to be hosted by IIROC.

**Q. 12: Are there any benefits for the participants with respect to IIROC requirements (i.e. compliance with IIROC Rule 17.16)?**

A. Successful participation in the test will be one element of compliance with IIROC Rule 17.16. IIROC Dealer Members are required to test their business continuity plans at least annually. Participation in the test is considered a part of meeting the annual testing requirements of Rule 17.16. With this test, Dealer Members will be able to validate their ability to process trades to service providers' alternate/DR sites simulating a significant business disruption.

**Q. 13: How many Dealer Members are participating in the test?**

A. Approximately 100 Dealer Members have confirmed their participation in the October 26, 2019 IIROC sponsored BCP test. In the 2017 industry BCP test, approximately 60 Dealer

Members participated on a voluntary basis. In 2015, 49 Dealer Members participated on a voluntary basis. A list of Dealer Member participants can be found on the iMeet Central portal 2019 Workspace.

**Q. 14: How many service providers are involved in the industry-wide test?**

A. Approximately 20 service providers have committed to participate in the 2019 BCP test. They include markets, clearing agencies, routing services, service bureaus, ATSS and IIROC's Market Surveillance. A list of service providers can be found on the iMeet Central portal 2019 Workspace.

**Q. 15: What is the latest date by which a Dealer Member may volunteer to participate in the test?**

A. Dealer Members may volunteer to participate at any time up to June 30, 2019. With the exception of non-IIROC foreign approved participants of the Montréal Exchange, all market participants subject to Part 12.4.1 of NI 21-101 have confirmed they will be participating in the IIROC sponsored industry BCP test scheduled for October 26, 2019.

**Q. 16: What is IIROC's role in the industry-wide Business Continuity/DR Test?**

A. IIROC will provide a general organizational and coordination role. IIROC has also engaged a dedicated project manager on a contract basis to manage the project.

**Q. 17: What are the responsibilities of Dealer Members in the industry-wide Business Continuity Planning Test?**

A. It is the responsibility of Dealer Members to work with the service providers to determine how to establish connectivity to their alternate/DR site. Where a Dealer Member uses a third-party service provider to connect to another service provider, it will be the responsibility of the Dealer Member to coordinate the activities of the third-party service provider. Where accommodated by a service provider, Dealer Members should make arrangements to test connectivity with each of their relevant service providers prior to the test date.

**Q. 18: Will Dealer Members be pre-testing and will IIROC be involved in pre-testing? Will Dealer Members arrange pre-testing directly with the service providers?**

A. IIROC will not be involved in arranging pre-testing, but strongly encourage Dealer Members to pre-test where this is accommodated by the service providers. Dealer Members should contact the service providers directly about pre-testing once the test scripts have been developed and the requirements for connectivity are established. Contact details are available on the iMeet Central portal.

**Q. 19: What will the interaction be between the service providers? How far will the trades be processed?**

A. There will, of course, be interaction between the Service Bureaus, Exchanges and Clearing Agencies, to the extent that the Service Bureaus process transactions on behalf of Members (through their Order Match systems for example).

**Q. 20: Given the test scenario of service providers testing out of their Disaster Recovery data processing sites, would a service provider be entitled to access and use their primary data processing remotely?**

A. No. The test scenario calls for the service providers to test only out of their DR data processing sites, without any access to, or use of, primary facilities. Limited exceptions will be considered by the Working Group.

**Q. 21: Can a Dealer Member or a service provider expand on the scheduled October 26, 2019 industry test to include other test procedures?**

A. A Dealer Member or a service provider may expand on the scheduled test as long as the additional test procedures do not impact the industry test in an adverse way and the additional tests are directly coordinated between the service providers and Dealer Members involved.

**Q. 22: What is expected of an introducing Dealer Member in connection with their participation in the industry test?**

A. Our objective is to ensure that introducers participate effectively in the October 26, 2019 test. We appreciate that introducers can be quite different from one another. Some introducers rely heavily on their carrier in processing their business where all they have to do is to communicate their requests/orders to their carrier and let the carrier process their orders and clear their trades. At the other extreme, we have introducers who have their own access to the markets and who might trade under their own trading number except they have their carrier clear their trades for them.

The test objective is to simulate normal trading with the disruption envisioned by the test scenario. Introducing brokers should test their ability to perform their trading functions as they would on a normal business day.

Introducers should be asked to invoke their own business continuity plans and connect to their carrier's site to communicate the pre-scripted trades we will be using for the test. Introducers should also get confirmation of their trades from the carrier or the relevant service providers.

Just like any other Dealer Member or service provider test participant, introducers should complete the "test results" and "test feedback" reports and file such reports on the iMeet Central portal as soon as practicable after the test.

**Q. 23: How do I know which service providers I can test with?**

A. A list of all participating service providers can be found on the iMeet Central portal. Dealer Members can choose from the list any service provider they would like to test with. The Dealer Member should also contact the service provider to determine if there are any special considerations for the test. The Working Group will develop and post to the iMeet 2019 Workspace, a spreadsheet matrix that documents all Dealer Members who have expressed an interest in testing with specific service providers.

**Q. 24: Will “cancel & correct” transactions be tested?**

- A. After careful consideration of the issue, the test Working Group has decided not to test “cancel & correct” transactions on October 26, 2019.

**Q. 25: What if I have questions not addressed above?**

- A. Contact Des O’Callaghan at 647-385-2466 ([docallaghan@bell.net](mailto:docallaghan@bell.net)) or Levi Sankar at 416-865-2936 ([lsankar@iroc.ca](mailto:lsankar@iroc.ca)).