Business Continuity Management by SIX

At a Glance
BCM Lived by SIX

This brochure provides an overview of the structure of the BCM program at SIX.

SIX operates the infrastructure for the financial centers in Switzerland and Spain, thus ensuring the flow of information and money between financial market players. SIX offers exchange services, securities services, financial information and banking services with the aim of increasing efficiency, quality and innovative capacity along the entire value chain. These services are critical not only in the corporate context, but also for the national economies in Switzerland and Spain.

As an integral part of Operational Resilience, SIX operates a Business Continuity Management (BCM) system as well as a complementary IT Service Continuity Management (ITSCM) system, in order to ensure the provision of the above mentioned services even in case of disruptive events.

The BCM system ensures that time-critical business processes can be continued at a predefined emergency level if events have occurred leading to one of the following scenarios:

- Loss of building
- Loss of staff
- Loss of system/IT
- Loss of service provider/supplier

The ITSCM system ensures that the platforms and applications required for the emergency operation of time-critical business processes can be put into operation again in accordance with the requirements of BCM when the following scenarios occur:

- Physical destruction of a data center
- Logical destruction of data centers by cyber-attacks
- Inaccessibility of a data center
- Failure of wide area network connectivity
Just because the river is quiet does not mean the crocodiles have left.

Malay proverb
Policy and Program Management

SIX maintains dedicated BCM and ITSCM policies, closely aligned to the risk and security policies. SIX reviews and adapts its BCM and ITSCM policies and the related programs on a yearly basis. The underlying changes are evolutionary in nature rather than revolutionary, and are typically driven by new regulations, new technologies, new market opportunities, and new customer demands.

The BCM and ITSCM programs at SIX are integrated into a three lines of defense model, which has become standard practice in the financial sector. On the first line of defense the Executive Board is responsible for the adequate design and implementation of the BCM system at SIX. In each Business Unit and Corporate Function, a BC Manager supported by technical staff is responsible for implementing BCM according to the company-wide standards. Within the Corporate Function IT, an ITSC Manager is responsible for implementing the ITSCM likewise.

On the second line of defense, located in the Corporate Function Risk, Security and Compliance, a Corporate BC Manager reporting to the Chief Security Officer oversees the BCM program. Furthermore, the Corporate BC Manager provides a company-wide BCM methodology, which is geared toward international practices (e.g., BCI Good Practice Guidelines) and standards (e.g., ISO22301). The Corporate BC Manager supports the Business Units and Corporate Functions in applying this methodology.

The Board of Directors and the internal and external auditors constitute the third line of defense. They are responsible for independently monitoring and controlling the BCM and ITSCM organization and programs.

BCM Lifecycle

The yearly BCM Lifecycle consists of four phases:

1. Analysis

SIX conducts Business Impact Analyses (BIA) in all Business Units and Corporate Functions. To allow a comparison across the company, the BIA process is conducted in a dedicated tool with a common methodology. BC Managers of the Business Units and Corporate Functions maintain and update their BIA annually and let them approve by their Business Unit Head or Corporate Function Head.

The core of the BIA is the impact assessment, in which the impacts of a total failure of processes are analyzed over time. Thereby, the following impact categories are considered: external, regulatory, reputational, internal and financial.

Based on the impact assessment the Maximum Tolerable Period of Downtime (MTPD) and the Recovery Time Objective (RTO) are determined. For all business processes identified as time-critical, process dependencies and resource requirements that are relevant for emergency operation are identified.

The BIA results of all Business Units and Corporate Functions are consolidated and a SIX-wide Business Process Prioritization is conducted in order to be able to recover operations in an ordered fashion in case of a crisis. The SIX Business Process Prioritization is assessed and approved by the Executive Board on a yearly basis.

2. Design

SIX has a set of Business Continuity Options in place to cope with the BCM scenarios mentioned above. Each Business Unit and Corporate Function documents the selected options for their time-critical processes in a BC Strategy.

For the loss of building scenario the main option is to work from home. For time-critical business processes requiring on-site presence for their operation, emergency workplaces are available in a separate location. Wherever possible, a permanent split operation is implemented for the most time-critical business processes even during normal operation (resilient operation). This allows a smooth transition to emergency operation in case of a loss of building scenario and significantly reduces the risk of a loss of staff scenario. If possible, the loss of staff scenario is covered with additional options (e.g., delegation of tasks to another team or multi-skill-training). While the Loss of System/IT scenario is generally covered by IT Service Continuity Management, the Business Units and Corporate Functions have prepared communicative bridging measures where necessary. Contractual BCM agreements are in place, which require critical service providers / suppliers of SIX to maintain their own BCM. If reasonable, SIX pursues a dual- or multi-vendor strategy for addressing the loss of service provider / supplier scenario (e.g., for power supply).

3. Implementation

To be able to respond quickly and consistently in case of a crisis, SIX maintains BC plans (including role-based checklists) and implements necessary preparatory measures (e.g., establishment of emergency workplaces). The staff of time-critical business processes is trained to implement the emergency operation according to BC plans in case of a crisis.
4. Validation
SIX conducts tests and exercises to validate the functionality of preparatory measures, such as emergency workplaces, and its BC plans. Exercises are scenario-based and include affected staff of time-critical business processes. SIX aims to increase the complexity of its exercises over time in order to identify new measures. This helps to ensure the continuous improvement of the BC plans and the BCM system as a whole.

ITSCM Lifecycle
The yearly ITSCM Lifecycle consists of four phases aligned to the BCM Lifecycle:

1. Analysis
The ITSCM lifecycle starts with an ITSC Gap Analysis in which the IT disaster recovery (IT DR) test results are compared with the requirements from the Business Impact Analysis (BIA) identified in the BCM lifecycle. The analysis is conducted in a dedicated ITSCM Status Monitoring Tool. This enables deviations to be identified promptly and mitigating measures to be implemented.

2. Design
SIX operates redundant data centers worldwide to guarantee high availability of services, for example, in case of a physical destruction of a data center. Most data centers are operated by external providers. Secondary data centers that are used for failover in case of IT disaster recovery are located in different areas with generally different risk profiles. In this context, SIX operates emergency workplaces for critical IT staff in case of a loss of the respective building. Additionally, required data center staff is working in a permanent split operation to avoid a complete loss of staff.

Outsourced IT services must also comply with IT DR requirements. The relevant requirements are contractually agreed with external suppliers and must be demonstrated.

SIX operates a Security Operation Center (SOC). Its practices are aligned with the National Institute of Standards and Technology (NIST) Cyber Security Framework. For cyber threats including malware or DDoS attacks, SIX has implemented protection and detection
measures and is maintaining and developing solutions to respond and recover. Continuous improvements are implemented along the SIX Information Security Strategy.

Remote access enables the operation and switchover of the data center in case of inaccessibility of data centers. The scenario of a wide area network failure is covered by redundant data connections of the data centers from different providers.

3. Implementation
The procedures for recovering applications and platforms are documented in technical IT disaster recovery (IT DR) plans. IT DR End-to-End plans for a complete area of SIX (e.g. for a Business Unit) describe the sequence and the procedure of how the platforms and applications of the most time critical processes are to be switched over to the secondary data center in a coordinated manner.

An IT DR Overall Coordination Plan based on the SIX Business Process Prioritization created in the BCM lifecycle describes the SIX-wide sequence of the platforms and applications to be put back into operation. It serves as a coordination tool for the IT Emergency Board.

4. Validation
The functionality of IT DR plans is validated in IT DR tests on a yearly basis. Unit tests confirm recovery procedures for single applications. End-to-End tests validate the recovery procedure for a complete area of SIX (e.g. for a Business Unit). The proactive planning, monitoring and tracing of the tests takes place in the ITSCM Status Monitoring Tool.

More than 200 IT DR tests are conducted at SIX every year, either remotely or from the contingency site. During the Corona pandemic, tests were conducted in a complete remote setup without any on-site presence necessary.
**Embedding BCM and ITSCM**

The SIX-wide embedding of BCM is achieved through education and training of the affected roles and by means of awareness measures. Employees holding a BCM role are familiar with the BCM specifications and take these into account in their daily work. SIX addresses the topics of BCM and ITSCM in a targeted and tailored manner to the different audiences within the company (staff/management) and beyond (external stakeholders).

**Response Structure**

Besides the staff of time-critical business processes, who implements the BC and IT DR plans in case of an event, SIX operates an Incident Management as well as an Emergency and Crisis Management.

Small-scale incidents are handled by Incident Management. Incidents may then be escalated to the responsible Local Emergency Management Teams or Emergency Management Boards. Large scale incidents are then escalated to the topmost body, the Crisis Management Board of SIX. Alternatively, depending on the nature of the incident and depending on the impact expected or the time line anticipated, the Emergency or Crisis Management Boards of SIX are activated immediately after an incident has been detected/identified.

In case of an incident and/or issue, emergency and crisis communication manages in close cooperation with the Emergency Boards and the Crisis Management Board internal communication towards employees as well as external communication towards stakeholders affected, involved and interested. It also takes into account the management of information flows at national and international level. Therefore, a Communication Board can be deployed both in an emergency and in a crisis.

SIX, in its capacity as the operator of the financial market infrastructure, is represented in the BCP Finance Sector Management Committee headed by the Swiss National Bank (SNB). SIX is also a founding member of the Swiss Financial Sector Cybersecurity Centre (Swiss FS-CSC) association. As a member of these organizations, SIX supports all efforts to prevent and overcome any crisis impacting the Swiss Financial Centre.

**Operational Resilience**

Operational resilience is the ability of financial institutes, Financial Market Infrastructures (FMIs) and the financial sector as a whole to identify and protect against threats and potential failures, to respond and adapt to disruptive events, and to recover and learn from them to minimize their impact on the delivery of critical functions. Central aspects for increasing operational resilience are the greater involvement and strategic guidance from top management and the fostering of an optimal interplay between the different disciplines. SIX strives to learn from disruptions to minimize their impact and to continuously improve its operational resilience, especially with regard to severe but plausible scenarios.

**Regulatory Requirements**

SIX is subject to the supervision of several regulatory bodies and aims to run its business services in full compliance with the corresponding requirements. The Swiss National Bank (SNB) is in a unique constellation as both regulator (supervision of systemic important processes) and client of SIX. In this context, on behalf of SNB, SIX operates the applications SIC (Swiss Interbank Clearing) and SECOM (processing and settlement of national and international securities transactions), two essential applications of the Swiss financial market. In addition, the Swiss Financial Market Supervisory Authority (FINMA) oversees the activities of SIX Exchange AG, SIX SIS AG and SIX x-clear AG which are licensed according to Swiss Financial Market Infrastructure Act (FMIA). Furthermore, the annual Payment Card Industry Data Security Standard (PCI DSS) certification is required for all ATM acquiring services and debit card issuing services which SIX provides to the Swiss banks. In Spain, BME (Bolsas y Mercados Españoles), a subsidiary of SIX is subject to the supervision of several regulatory bodies and aims to run its business services in full compliance with the corresponding requirements. The Spanish Markets Supervisory Authority (CNMV) oversees the activities of BME and several of its subsidiary legal entities such as the Exchanges, Sociedad de Bolsas, BME Clearing and Iberclear. The Spanish Central Bank (Banco de España, BdE) also has supervisory powers mainly related to the Public Debt market and its registration. Furthermore, ESMA, the European supervisory body, oversees the Spanish CCP, BME Clearing, and the Trade Repository, REGIS-TR, as established in EU regulations. Internal and external audits document the basic effectiveness of the SIX BCM system both in Switzerland and Spain on a regular basis.

SIX is committed to continuous improvement. Self-driven optimization of existent processes and preparations and the devising of new ones in order to adapt in an ever-changing environment are a pre-requisite for success, not only in the field of BCM.
This brochure aims to introduce the topic of BCM (Business Continuity Management) as lived by SIX to current, potential, and future customers of SIX worldwide as well as to suppliers of SIX.