

**CHICAGO STOCK EXCHANGE, INC.
MEMBER REGULATION DEPARTMENT
INFORMATION MEMORANDUM**

RE: Regulatory Reminder: Guidance Regarding Business Continuity and Disaster Recovery Planning

Pursuant to Chicago Stock Exchange, Inc. (“CHX” or “Exchange”) Article 7, Rule 14 (Business Continuity Plans and Emergency Contact Information), the CHX is issuing this notice to remind Participant firms of the importance of business continuity and disaster recovery planning required in accordance with the rule. The Exchange is cognizant of the diversity of each Participant’s business and operations. Accordingly, the requirements of each Business Continuity and Disaster Recovery Plan (“BCR/DR Plan” or “Plan”) should be tailored to the size and needs of each firm’s individual operations, structure, or location. Each Participant must create and maintain a written BCP/DR Plan identifying the procedures relating to an emergency or significant business disruption. Such procedures should be reasonably designed to enable the Participant to meet its existing obligations to its customers and other interested parties.¹

At a minimum, each BCP/DR Plan must address the following key areas:

1. Data back-up and recovery (hard copy and electronic);
2. All mission critical systems;
3. Financial and operational risk assessments;
4. Financial and operations assessments;
5. Cybersecurity risk assessment;
6. Alternate communications between the Participant and its customers;
7. Alternate communications between the Participant and its employees/associated persons;
8. Alternate physical location of employees and associated persons;
9. Regulatory reporting;
10. Communication with all regulators; and
11. How Participants will assure customers’ prompt access to their funds and securities in the event that the Participant determines that it is unable to continue its business.

In addition to the above key areas, a Participant’s Plan should address the Participant’s existing relationships with other broker dealers, vendors and third-party providers. As such, Firms should consider critical vendor relationships and consider examining whether vendors that provide critical services, have adequate BCPs. Participant firms should also take into account that many of these providers could be impacted by the same communication, systems issues, or other risks facing the Participant. In this regard, each Participant should also consider categorizing vendors and evaluate the risk in their BCP plans.

¹ Please refer to Information Memorandum MR-16-07 dated May 31, 2016 (https://www.chx.com/posts/information-memos/2016/MR-16-07_Business_Continuity_Plan.pdf).

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Each Participant should update its Plan in the event of any material changes in the Participant's operations, structure, business or location. At a minimum, each Participant should also conduct an annual review of its BCP/DP Plan to assess the Plan's effectiveness and determine whether any modifications are necessary due to changes to the Participant's operations, structure, business or location. Participants should also distribute and review the Plan with all associated persons and employees.

Finally, while the CHX may provide specific guidance during significant business disruptions, Participants should not prepare for the effects of a business disruption with the presumption that such regulatory guidance will come in the form of relief from compliance with CHX and or SEC Rules and Regulations.

For any questions regarding this notice, please contact Member Regulation Manager, Kevin Curtin at 312-663-2252 or kcurtin@chx.com or the undersigned at 312-663-2204 or mcardin@chx.com.

Michael J. Cardin
Director
Member Regulation Department