



## **Industry Major Disaster Plan**

**October 2007**

**Main features and purpose of this Guidance Note are:**

- **to enhance industry preparedness and assist FSC members and industry to maintain the confidence of consumers during the crucial early stages of a major disaster or an expected major disaster;**
- **to specify key actions for FSC, with the assistance of key decision makers in the FSC community, in the event or the likelihood of a major disaster; and**
- **to complement and NOT to replace FSC members' respective individual business continuity plans.**

# FSC Guidance Note No. 23.00

Table of Contents
-------------------

	<u>Section</u>	:	<u>Page</u>
<b>Title.....</b>	<b>1</b>	<b>:</b>	<b>3</b>
<b>Date of Issue.....</b>	<b>2</b>	<b>:</b>	<b>3</b>
<b>Effective Date.....</b>	<b>3</b>	<b>:</b>	<b>3</b>
<b>Application.....</b>	<b>4</b>	<b>:</b>	<b>3</b>
<b>Statement of Purpose.....</b>	<b>5</b>	<b>:</b>	<b>3</b>
<b>Initial Response.....</b>	<b>6</b>	<b>:</b>	<b>3</b>
<b>Activating the FSC Major Disaster Plan.....</b>	<b>7</b>	<b>:</b>	<b>3</b>
<b>Checklist for FSC actions.....</b>	<b>8</b>	<b>:</b>	<b>5</b>
<b>Major Disaster Report.....</b>	<b>9</b>	<b>:</b>	<b>6</b>
<b>Industry Crisis Management Team.....</b>	<b>10</b>	<b>:</b>	<b>7</b>
<b>Major Disasters – Definition.....</b>	<b>11</b>	<b>:</b>	<b>8</b>
<b>Appendix 1: Template for a possible Circular To FSC Members.....</b>	<b>10</b>		
<b>Appendix 2: Template for possible Media Release To Consumers.....</b>	<b>11</b>		
<b>Appendix 3: Major Disasters – “mock” Status Reports.....</b>	<b>12</b>		
<b>Appendix 4: Directory.....</b>	<b>13</b>		
<b>Appendix 5: Teleconference Details.....</b>	<b>13</b>		

# FSC Guidance Note No. 23.00

## 1 Title

- 1.1 This Guidance Note may be cited as FSC Guidance Note No. 23.00 'Industry Major Disaster Plan'.

## 2 Date of Issue

- 2.1 15 November 2007.

## 3 Effective Date

- 3.1 This Guidance Note is effective from the date of issue.

## 4 Application

- 4.1 The application of this Guidance Note is subject to the occurrence or likelihood of a major disaster.

## 5 Statement of Purpose

- 5.1 Main features and purpose of this Guidance Note are:
- to enhance industry preparedness and assist FSC members and industry to maintain the confidence of consumers during the crucial early stages of a major disaster or an expected major disaster;
  - to specify key actions for FSC, with the assistance of key decision makers in the FSC community, in the event or the likelihood of a major disaster; and
  - to complement and NOT to replace FSC members' respective individual business continuity plans.

## 6 Initial Response

- 6.1 In the event or the likelihood of a major disaster, the following are the key aspects to this FSC Plan that constitute our initial response:
- Determine if the disaster meets the criteria for activating the plan (Section 7).
  - Progress the FSC actions (see checklist in Section 8).
  - Prepare a Major Disaster Status Report (see Section 9).
  - Convene a meeting of Industry Crisis Management Team (see Section 10).
  - Issue FSC Circular to members setting out appropriate guidance (Appendix 1).
  - Issue FSC Media Release to provide assurance to consumers, where needed (Appendix 2).

## 7 Activating the FSC Major Disaster Plan

## **FSC Guidance Note No. 23.00**

- 7.1 This plan can only be activated by the people specified in paragraph 7.3 and only if certain criteria are met.
- 7.2 In respect of the criteria for activation, the Plan can only be activated in the event of a “Major Disaster”. A Major Disaster is defined under Section 11 below.
- 7.3 The plan can be activated by:
- FSC CEO or Deputy CEO;
  - FSC Board of Directors;
  - CEO’s of FSC member companies; and
  - CEO’s and Deputy CEO’s of the Members of FICA including the ABA, ICA, AFMA, AFC and the FPA.

## FSC Guidance Note No. 23.00

### 8 Checklist for FSC actions

8.1 FSC response will be led by the FSC CEO. Table 1 below is a proposed checklist.

Table 1:

Actions	☑ when done
<ul style="list-style-type: none"> <li>• Notify FSC Chair and Deputy Chair of disaster.</li> </ul>	<input type="checkbox"/>
<ul style="list-style-type: none"> <li>• Contact relevant FSC staff to assist. Relevant FSC Staff to co-ordinate activity, in support of CEO. (see also section 10)</li> </ul>	<input type="checkbox"/>
<ul style="list-style-type: none"> <li>• Convene FICA meeting, either a physical meeting or by teleconference.</li> </ul>	<input type="checkbox"/>
<ul style="list-style-type: none"> <li>• Initiate FSC business continuity plan.</li> </ul>	<input type="checkbox"/>
<ul style="list-style-type: none"> <li>• Immediately prepare <i>Major Disaster Status Report</i> (see section 9) for review by the FSC Crisis Management Team:               <ul style="list-style-type: none"> <li>○ contact ASX, Government and relevant regulatory bodies.</li> <li>○ confirm actions/status of other important industry.</li> <li>○ <i>establish clear contact points for the above.</i></li> <li>○ Prepare <i>FSC Member Circular and Media Release</i> for review by Industry Crisis Management Team.</li> </ul> </li> </ul>	<input type="checkbox"/>
<ul style="list-style-type: none"> <li>• Convene a meeting of the FSC Crisis Management Team. (see Section 10 below)</li> </ul>	<input type="checkbox"/>
<ul style="list-style-type: none"> <li>• Agree strategy, actions, responsibilities, meetings regularity for the week.</li> </ul>	<input type="checkbox"/>
<ul style="list-style-type: none"> <li>• Ensure consistent messages and clear instructions are provided to FSC members (see Section 8, and Appendices 1 and 2 below) – issue FSC Member Circular.</li> </ul>	<input type="checkbox"/>
<ul style="list-style-type: none"> <li>• Ensure consistent messages are conveyed to consumers (see section 2.4). – issue Media release</li> </ul>	<input type="checkbox"/>
<ul style="list-style-type: none"> <li>• Ensure steps are taken and plans in place beyond week one.</li> </ul>	<input type="checkbox"/>

### 9 Major Disaster Status Report

## FSC Guidance Note No. 23.00

9.1 Table 2 below is a checklist containing some matters that the Major Disaster Status Report should address:

Table 2:

Issues	Action	Stakeholders Contact
<b>Major Disaster</b>	<ul style="list-style-type: none"> <li>* How widespread is the disaster?</li> <li>* Who is affected?</li> </ul>	FSC CEO and Deputy CEO.
<b>Liquidity</b>	<ul style="list-style-type: none"> <li>* Contact ABA, or major banks directly, to confirm the status of ATM's, branch and call centre operations capability. For example:                             <ul style="list-style-type: none"> <li>- are they closed?</li> <li>- when will banking activities re-open?</li> <li>- preferred contact point? details?</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>* Members of FICA</li> <li>* CEO of ABA</li> <li>* Major Banks' Customer Services Centres</li> </ul>
<b>Trading and investment</b>	<ul style="list-style-type: none"> <li>* Contact ASX to confirm status of local, and where possible, international trading activities. For example:                             <ul style="list-style-type: none"> <li>- What is ASX's policy in the event of the disaster?</li> <li>- Will there be a trading halt?</li> <li>- When will market re-open?</li> </ul> </li> <li>* What are other FSC members doing in relation to applications and redemptions?</li> </ul>	<ul style="list-style-type: none"> <li>* CEO or Managing Director of ASX</li> <li>* FSC Members CEO – survey</li> </ul>
<b>Insurance</b>	<ul style="list-style-type: none"> <li>* Depending on level of destruction and casualties, contact ICA to determine when insurance claims can be made.</li> </ul>	<ul style="list-style-type: none"> <li>* Members of FICA</li> <li>* CEO of ICA</li> </ul>
<b>Government liaison</b>	<ul style="list-style-type: none"> <li>* Make contact with and confirm the relevant contact points for government and government bodies.</li> <li>* Ensure FSC contact details are provided.</li> </ul>	<p>The following people or their relevant delegates:</p> <ul style="list-style-type: none"> <li>* Chair of ASIC</li> <li>* Chair of APRA</li> <li>* Assistant Treasurer for Superannuation</li> </ul>

## FSC Guidance Note No. 23.00

Issues	Action	Stakeholders Contact
		* Parliamentary Secretary to the Treasurer * Minister of Foreign Affairs * Commissioner for the Department of Health
<b>Communication Strategies</b>	* Attach FSC member circular, if any. * Attach Media Release, if any.	FSC CEO and Deputy CEO FSC Crisis Management Team

### 10 Industry Crisis Management Team – Agenda and Who They Are

10.1 The Industry Crisis Management Team will focus on enabling the FSC CEO to make timely and appropriate decisions in relation to three matters:

- (i) Recommendations of the Major Disaster Status Report.
- (ii) Content of the FSC member circular. (see Appendix 1).
- (iii) Content of the FSC Media Release. (see Appendix 2).

10.2 FSC CEO to ensure a meeting or hook up of the Industry Crisis Management Team takes place ASAP.

#### 10.3 *Crisis Team Agenda*

10.3.1 The Crisis Team Agenda should comprise of the following:

- Assessment
- Potential Impact
- Agreed actions
- Next steps

#### 10.4 *Who are the Industry Crisis Management Team?*

10.4.1 The following FSC Staff and members of FSC’s Board of Directors will form part of FSC’s Crisis Management Team:

Team members	Roles
FSC Chair FSC CEO	* Secretariat and Government liaison
Senior Policy Manager – Operations and Technology to be assisted in an advisory capacity by:	* To make recommendations about liquidity / pricing.

## FSC Guidance Note No. 23.00

Team members	Roles
Chair of FSC Operations and Technology Board Committee	
Senior Policy Manager – Investments to be assisted in an advisory capacity by: Chair of FSC Investments Board Committee	* To make recommendations about market activity and investments.
Senior Policy Manager – Life and Risk Management to be assisted in an advisory capacity by: Chair of Life and Risk Management Board Committee	* To make recommendations about insurance matters.

10.4.2 Dial-in details for FSC Crisis Management Team in Appendix 5.

### 11 Major Disasters – Definition

#### 11.1 Definition

11.1.1 For the purposes of the Plan, a major disaster is a high impact disruption of normal business operations affecting a large metropolitan or geographic area and the adjacent communities that are economically integrated with it.

11.1.2 A major disaster typically causes the destruction of, or severe damage to, physical infrastructure and facilities, the loss or inaccessibility of personnel, and restricted access to the affected area.

#### 11.2 Features of Major Disasters

11.2.1 Most major disasters may be identified if they have or potentially have a combination of some or all of the features listed below:

- (a) will occur rapidly and spread quickly;
- (b) generate unprecedented levels of panic;
- (c) affect not just the Industry but the wider community, government and businesses.
- (d) continue for weeks or possibly months and have the capacity to cause large numbers of casualties;
- (e) result in a loss of staff resources; and
- (f) result in potential destruction or cut off access to equipment or premises, possibly because it cuts off access to a critical geographic location (like a CBD).

#### 11.3 Examples of Major Disasters

11.3.1 Examples of major disasters include severe earthquakes, cyclones and other weather related events, biological incidents (eg. flu pandemic), terrorist attacks and other intentional or accidental acts.

11.3.2 Major disasters do not include matters such as an Enron or HIH collapse.



## FSC Guidance Note No. 23.00

### Appendix 1: Template for a possible Circular To FSC Members

The FSC circular to FSC members should cover important matters relating to:

- status of shares trading at the ASX;
- availability of banking transactions;
- an indication of when trading and transactions may resume if they are temporarily halted; and
- guidance as to when FSC members should cease pricing, redemption and claims processing and when they should resume, where appropriate.

#### **FSC TEMPLATE FOR CIRCULAR TO MEMBERS**

(Caution: This Circular may not be appropriate for certain disasters)

#### **Temporary Trading Halt and Banking Services due to {*name of major disaster*}**

Due to recent events {x}, we notify that trading in listed securities will be suspended for [xxx] days as the [name of regulated market(s)] has halted trading. We also confirm [name the banking services] will be temporary delayed.

FSC expects that the [ASX or other regulated market] will resume trading on [date], and bank branches [to resume normal trading hours by] [to reopen on xxx], [but expect some delays].

We [are aware that some – or most] managers will also temporarily suspend the processing of redemption requests, claims and halt the issue of payouts. We expect that these processes will resume within [number of days/hours].

Obviously, the decision is the decision of each company and would be based on the terms of the relevant trust deed or constitution of each fund, and the extent to which each particular fund has been affected by the events.

FSC's Standard on "Valuation of Scheme Assets and Liabilities" says:

*"Where, at a Valuation Point, the valuation of Scheme Assets and Liabilities cannot be determined, and to process transactions in an interest in the Scheme has the potential to prejudice Investors, the Scheme Operator must suspend such transactions until the value of the Scheme's Assets and Liabilities can be determined."*

For further information, please contact FSC at [tel. number:]

## FSC Guidance Note No. 23.00

### Appendix 2: Template for possible Media Release To Consumers

#### **FSC TEMPLATE FOR MEDIA RELEASE TO INVESTORS**

(Caution: This media release will not be appropriate for certain disasters)

#### **Services relating to redemptions, claims processing and payouts will resume in [number of days/hours]**

The Investment and Financial Services Association today advised investors in superannuation and managed investment funds and life policies that super payouts and claims/ redemption requests are likely to be temporarily delayed.

Richard Gilbert, FSC CEO said: “In light of the terrible events of [xxx], we advise that the [ASX or markets in New York, etc.] will temporary halt trading. Every effort is made to ensure resumption of business as usual.

“We expect redemptions and insurance claims will resume by [number of days/hour]. Most bank branches will also be [closed or open]. [most ATMs will – or will not – be operating].”

This delay is in line with the halt in trading at the [stock exchange] and the temporary interruption of normal services [at many banks].

Restoration of services have begun in earnest. We expect most financial services to resume operation by [date], although there will be delays.

FSC expects that the [ASX or other regulated market] will resume trading on [date], and bank branches [to resume normal trading hours by] [to reopen on xxx], [but expect some delays].

FSC’s Standard on “Valuation of Scheme Assets and Liabilities” says:

“Where, at a Valuation Point, the valuation of Scheme Assets and Liabilities cannot be determined, and to process transactions in an interest in the Scheme has the potential to prejudice Investors, the Scheme Operator must suspend such transactions until the value of the Scheme's Assets and Liabilities can be determined.”

For further information, please contact [either FSC or your Superannuation Trustee].

## **FSC Guidance Note No. 23.00**

### **Appendix 3: Major Disasters – “mock” Status Reports**

Below is hypothetical only.

#### **A. Avian Flu Pandemic – Mock Major Disaster Status Report**

##### **Description:**

Health Depart issues alert for Global Phase Four.

Media has reported rare incidences of human to human transmission in Australia.

Avian influenza has killed more than 50 people in Asia over the past six months and has led to the culling of millions of birds.

Some FSC members have reported that internal staff has voiced concerns.

##### **Liquidity:**

FICA has been alerted where relevant discussions with the ABA has taken place.

The banks are aware of the threat and monitoring the situation very closely. ABA confirms that no ATM's, internet banking, branch services or call centres should be significantly affected. Some delays.

Banks are putting some measures in place as part of their business continuity planning.

##### **Trading and investment:**

Trading activities at the ASX are not yet affected, but situation is being closely monitored.

Trading activities continue as normal in international markets.

##### **Recommendation:**

FSC to monitor situation to ensure for signs of deterioration.

Possible FSC communication to CEO's to ensure situation is being closely monitored, and requesting preventative and business continuity measures to start being considered.

FSC to also update on situation with banks and the ASX.

Next Status Report on [date].

## FSC Guidance Note No. 23.00

### Appendix 4: Directory

FSC will maintain, both electronically and as hard copy, a database of the phone numbers (land and mobile), physical and e-mail addresses of all of the participants below.

While contact details will be provided to each participant on a need to know basis only, and will not be published on FSC website, we believe all will have the appropriate FSC contact details.

*Industry Crisis Management Team:*

Title	Responsibility
FSC Chair	Secretariat and Government Liaison
CEO	Secretariat and Government Liaison
Deputy CEO	Secretariat and Government Liaison
Chair of Operations and Technology Board Committee	Liquidity and Pricing
Senior Policy Manager – Operations and Technology	
Chair of Investments Board Committee	Trading and Investments
Senior Policy Manager – Investments	
Chair of Life and Risk Management Board Committee	Insurance and claims
Senior Policy Manager – Life and Risk Management	

*Stakeholders:*

Stakeholders	Responsibility
Australian Securities and Investment Commission	Regulatory body
Australian Prudential Regulatory Authority	Regulatory body
Australian Stock Exchange	Market activities
Australian Bankers Association	Banking industry
Insurance Council of Australia	General insurance
Financial Planning Association	Advisers

### Appendix 5: Teleconference Details

Details will be provided in the event or likelihood of a major disaster and will not be published on FSC website.