

Directive of Strate (Pty) Ltd

Special Gazette No [S5-2021]

Strate Directive SA.10

Risk Management

strate

To cater for the effective management of risks in the Strate environment, focusing on disaster recovery testing, and technical difficulty, [disaster recovery] experienced by and impacting on Participants and Business Partners

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1. INTERPRETATIONS AND DEFINITIONS¹

In this Strate Directive, any interpretation, word, or expression to which a meaning has been assigned in the Strate Rules bears a meaning so assigned to it.

‘Business Partner’ means a party which is not a Participant and which electronically interfaces with Strate to perform an essential market function;

‘Production Environment’ means the systems and related infrastructure used for an entity’s day to day operations;

‘Secure’ means to ensure the integrity and confidentiality of the information by taking appropriate reasonable technical and organisational measures to prevent loss of, damage to or unauthorised destruction of the information, and unlawful access to or processing or use of the information;

‘Strate Supervision’ means the supervision division of Strate headed by the Head of Supervision and set up by the Controlling Body in terms of the Strate Rules; and

‘SWIFT’ means Society for Worldwide Interbank Financial Telecommunications.

¹ Amended with effect from 1 March 2019

2. REQUIREMENTS²

2.1 Disaster Recovery Tests

- 2.1.1.** A Participant must conduct the disaster recovery test referred to in Strate Rule 8.1.8 at least twice every calendar year, and report the results of such test to Strate Supervision in accordance with Annexure A within 30 (thirty) days from the date of the test. A Participant must ensure that the intervening period between two disaster recovery tests is no less than 3 (three) months and no greater than 9 (nine) months.
- 2.1.2.** A Participant and Business Partner must test, in accordance with Strate's annual testing calendar:
- 2.1.2.1 the Participant's or Business Partner's Production Environment connectivity to Strate's disaster recovery site, and
 - 2.1.2.2 the Participant's or Business Partner's disaster recovery sites connectivity to both Strate's Production Environment and disaster recovery site.
- 2.1.3.** On successful testing, Participants and Business Partners must complete the form in Annexure B and email it to Strate-HelpDesk@strate.co.za and Strate-Supervision@strate.co.za.
- 2.1.4.** Where a test conducted in terms of clauses 2.1.1 is unsuccessful, a Participant or Business Partner must within 10 (ten) Business Days from the date of the previous test, advise Strate of the circumstances leading to the failure as well as its plans to conduct a subsequent disaster recovery test. The timing of the subsequent test will be agreed with Strate Supervision and will be dependent upon the nature and consequences of the failure (e.g. systems/functionality impacted, availability of appropriate work-around solutions as a temporary measure). Where a subsequent test is still unsuccessful, a Participant must repeat this re-testing process until it conducts a successful disaster recovery test.

2.2 Technical Difficulty and Business Continuity

- 2.2.1** A Participant and Business Partner must, for each disruption of its Production Environment:
- 2.2.1.1 submit to Strate a technical difficulty log as described in Annexure C, within 30 (thirty) minutes after the Participant or Business Partner identifies the technical difficulty. The Participant or Business Partner must provide as much information as is known at the time of completing the log;
 - 2.2.1.2 send to Strate a status update every 1 (one) hour, and provide additional information as is known at the time of sending each status update, which communication could be sent via email; and
(Insertion effective 1 December 2021)

² Section amended with effect from 1 March 2019

2.2.1.3 on closure of the incident, submit to Strate the technical difficulty log described in clause 2.2.1.1, completing the additional information that was not available when the Participant or Business Partner first identified the technical difficulty. The root cause of the incident together with a remediation plan to address the root cause must be provided, in writing, within fifteen (15) business days of disruption, or upon application, any extended timeframe as permitted by Strate Supervision.

(Insertion effective 1 December 2021)

2.2.2 A Participant must move its operations to its disaster recovery site after a maximum of 2 (two) hours of continued disruption of its Production Environment by a Severity 1 (one) technical difficulty as described in Annexure C.

2.2.3 Where a technical difficulty impacts other market participants, Strate, may notify the impacted market participants that are identified by Strate. Strate will use the information captured within Annexure C in its notification to the market.

(Insertion effective 1 December 2021)

2.2.4 Strate will inform the Participant or Business Partner experiencing the technical difficulty of its intent to notify impacted market participants, prior to notifying the impacted participants identified by Strate.

(Insertion effective 1 December 2021)

2.3 Communication Networks

A Participant must have a minimum of 2 (two) Secure messaging systems, or 2 (two) different communication network service providers to provide Secure messaging communications between the Strate System and the Participant, and must ensure that it can communicate effectively through the alternative messaging system or communication network service, in the event that the primary messaging system or communication network service provider becomes unavailable.

	Information Required	Guide	Response
1.	Confirm the physical address of the site where the DR test was conducted.	E.g. Off-site DR location address.	
2.	Date(s) the DR test was conducted?	Actual dates and duration of the test.	
3.	Describe the systems that were tested with a brief explanation of the use of each system. Also describe whether the network was tested, (dedicated backup lines or Telkom cutover). Were linkages with associated internal and external entities tested?	The description should include reference to all systems involved in the test and the method used to test them. <small>(Insertion effective 1 December 2021)</small>	
4.	Confirm the time taken to recover each of the above systems tested?	Please provide specific times.	
5.	Describe the recovery methodology used as well as how the integrity of the recovered data was confirmed to be correct?	Restore to point in time backup, roll forward of log data, hot restart etc.	
6.	Explain which of these systems are critical for the effective functioning of daily operations.	<small>(Deletion effective 1 December 2021)</small>	
7.	Detail the parties who participated in the DR test.	Business users, IT staff, systems vendors, auditors, clients etc <small>(Insertion effective 1 December 2021)</small>	
8.	<p>a) How is the disaster recovery process in your organization reviewed for assurance purposes?</p> <p>b) Please provide details of the assurance provider and their level of independence.</p> <small>(Insertion effective 1 December 2021)</small>	<p>Did the assurance providers observe and validate that the business area could perform work as expected? Was validation obtained in respect to the full functionality of the recovered systems?</p> <small>(Insertion effective 1 December 2021)</small>	
9.	Please provide full detail of what the DR test covered.	Provide detailed scope of the testing activities. <small>(Insertion effective 1 December 2021)</small>	

10.	Please provide full details of the DR testing results (per system). <small>(Insertion effective 1 December 2021)</small>	Detailed outcome of testing activities <small>(Insertion effective 1 December 2021)</small>	
11.	Please provide full details of what was excluded from the testing scope and reasons for the exclusion. <small>(Insertion effective 1 December 2021)</small>	Provide testing scope exclusions and reasons. <small>(Insertion effective 1 December 2021)</small>	

3 Amended with effect from 1 March 2019

12.	Please confirm when testing of the above excluded items has been scheduled for? In addition, in the event that it was necessary to exclude any critical systems from the scope of the test, please confirm the dates when these critical systems will be tested. <small>(Insertion effective 1 December 2021)</small>	Future proposed testing dates for excluded systems. <small>(Insertion effective 1 December 2021)</small>	
13.	List any issues that were raised and/or recommendations that were made after the DR test.		
14.	With respect to question 13 above, confirm which recommendations have been implemented to date, as well as the planned schedule for the implementation of recommendations at a future date.	Indicate which items have been resolved and for unresolved or open items, please provide expected timelines for the implementation of recommendations or appropriate remediation activities. <small>(Insertion effective 1 December 2021)</small>	
15.	Confirm the retention period (s) for back-up records and/or key data of your systems. <small>(Insertion effective 1 December 2021)</small>	<small>(Deletion effective 1 December 2021)</small>	

INSTITUTION _____

CAPACITY PARTICIPANT

BUSINESS PARTNER

We confirm the contents of the above DR Test Results Report

NAME OF INDIVIDUAL/S: _____

CAPACITY / ROLE: _____

SIGNATURE: _____

DATE: _____

WHO WARRANT THAT THEY ARE DULY AUTHORISED TO SIGN

**STRATE'S DISASTER RECOVERY ("DR") TEST
DR TEST CONFIRMATION**

INSTITUTION _____

CAPACITY PARTICIPANT

BUSINESS PARTNER

1. We confirm that we participated in the Strate DR test, conducted by Strate on _____; and were able to connect to Strate.
2. We are satisfied that the content and scope of the test was sufficient to connect to the Strate Production Environment and / or disaster recovery site. (Please delete where not applicable.)

NAME OF INDIVIDUAL/S: _____

CAPACITY / ROLE: _____

SIGNATURE: _____

DATE: _____

WHO WARRANT THAT THEY ARE DULY AUTHORISED TO SIGN THE ABOVE.

⁴ Amended with effect from 1 March 2019

TECHNICAL DIFFICULTY LOG

Please ensure that the duly completed log is e-mailed to strate-supervision@strate.co.za and strate-helpdesk@strate.co.za

Date

Time difficulty was identified

Time difficulty arose

Time difficulty was resolved

Name of Participant / Business Partner

Market impacted:

Bond Securities Yes/No

Equity Securities Yes/No

Money Market Securities Yes/No

Market impact Yes/No

Contact Person

Contact Number

Systems Impacted⁶

Internal Custody System Yes/No

CMFE (Central Messaging Front End) Yes/No

BaNCS Yes/No

SWIFT Yes/No

WAN (Wide Area Network) Yes/No

E-mail Yes/No

Facsimile Yes/No

Other (please specify)

⁵ Amended with effect from 1 March 2019

⁶ Amended with effect 14 September

Nature of Technical Difficulty

Not Receiving Incoming Messages Yes/No
Outgoing Messages cannot be sent Yes/No
Status Intimations Not Received Yes/No
Power Failure Yes/No
Building Evacuation Yes/No
Other (please specify)

Severity of Technical

Difficulty

Severity (please select severity using below key as a guide): 1/2/3

Severity		Explanation
1	High	Significant impact to entity reporting the difficulty and external parties. Causes disruption to normal business operations. Extension to operational windows is required – E.g. SAMOS windows to be extended. Downtime anticipated to be longer than one hour.
2	Medium	Some impact to entity reporting the difficulty and external parties. Causes disruption to normal business operations. Extensions to operational windows may be required. Workaround exists. E.g. Use of CMFE ⁷ as an alternative to an internal system. Downtime anticipated as no longer than one hour.
3	Low	Minimal impact to entity reporting the difficulty or any external parties. No extensions to operational windows required. Manual workaround exists. E.g. e-mail.

Comments:

Please provide an explanation for having rated the technical difficulty as you have above:

Anticipated Down Time

Less than 30 minutes Yes/No
30 minutes to 2 hours Yes/No
2 hours to 4 hours Yes/No
Longer than 4 hours Yes/No
Not known at this stage Yes/No

⁷ Amended with effect 14 September