

A Checklist for Assessing Your Treasury's Business Resiliency

The recent earthquake and subsequent tsunami in Japan have underscored once again the need for corporate treasurers – no matter where they are located – to always be ready to face unplanned service disruptions – whether they be short-term outages or full fledged disasters. Ensuring the business resiliency of your treasury operations is critical, and the processes for upgrading contingency plans should be ongoing, flexible and dynamic. The questions below can help you assess your organization's readiness for business continuity in the event of a disaster – either manmade or natural.

Treasury Operations

- Have you reviewed your account information and your account structures – including authorized signers, security administrators, user IDs and entitlements – with each of your banking partners to ensure that everything is accurate and up to date? Do you maintain this information off site, as well as on site?
- Are your locations geographically dispersed so you can rapidly shift treasury operations in the event of a crisis? Do your banking partners also have dispersed payments centers?
- If you lease your contingency site, how will space be allocated in the event of a major crisis (e.g., will it be on a first come, first served basis)?
- Will you have access to all necessary documentation and emergency procedures at off-site locations?

Contingency Plans

- Do you have contingency procedures in place so you can continue to process payments in the event of a crisis? Do you periodically test these procedures by logging on to your back-up system and generating at least one real time transaction? Are you reliant on a specific desktop PC, or do you maintain an alternate desktop PC as back-up?
- Do you have an operational response plan? How often do you conduct a full end-to-end test to validate the recovery capabilities of staff and critical systems? Has the test been audited?
- In the event of a pandemic, which locations would be severely impacted if absentee rates were to reach between 30 to 50 percent of your organization? Having data on the number or percentage of your employees who rely on public transportation in high concentration areas will be helpful to you as you develop your contingency plans. In addition, as you review critical third-party organizations, be sure to check that they, too, have sufficient pandemic response plans.
- Have you tested your primary site against your contingency sites? Often, a single primary site requires recovery to multiple alternate sites. Recovery processes need to test coordination and communication procedures to ensure a full recovery of all components.
- In addition to contingency procedures for facilities, do you also have contingency procedures to ensure the security and protection of data?
- Do you have alternate power sources for your main server locations? Do you have a

back-up plan in the event your Internet provider goes down?

- Have you prepared other disaster contingencies, including a potable water supply, emergency food, flashlights, etc. on site?

Crisis Communications

- Do you have an emergency management team in place? Do you have a clear, predetermined chain of command in the event of an emergency? Is this information documented and widely distributed within your organization? How often is it reviewed and updated?
- Does your crisis communication plan cover both internal and external procedures? Has it been documented and widely distributed throughout your organization?
- Have you provided your clients, colleagues, suppliers, financial and banking partners and other key business contacts with emergency contact information?
- Have you established a dialogue with local fire, police, emergency medical services personnel, community leaders, government agencies, community organizations and utilities regarding your disaster preparedness procedures?

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- Have you considered the emotional response your employees may have to a major crisis? A crisis could impact the ability of some of your employees to function. Consider cross training personnel so that staff are ready to assume multiple roles if needed, and your organization is fully prepared to function in the event of an emergency.
- Have you reassessed all recovery plans to validate that assumptions and recovery solutions are still appropriate? An important step here is to include all constituents – both internal and external. In addition, business recovery time capabilities should be aligned with current recovery time objectives and should also ensure that the impact on clients is understood by all appropriate parties.

Other Factors for Consideration

- Have you considered how you would maintain liquidity if your primary provider were impacted by a disaster? How easily would you have access to cash in the event of a crisis?
- Have you conducted a comprehensive review of your insurance coverage? Does it include provisions for recovery and restoration?
- Do you use positive pay and stop payment capabilities to limit your exposure and help manage risk?
- Have you considered outsourcing your receivables collection to a provider with geographically dispersed network capabilities?

For More Information

If you would like more information on steps you can take to ensure your business' resiliency, contact your J.P. Morgan Treasury Services representative, or visit our "Business Continuity" site on jpmorgan.com/ts