भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

<u>Consultation Paper</u>

Measures to strengthen Business Continuity Plan (BCP) and Disaster Recovery (DR) of Market Infrastructure Institutions (MIIs)

1. **Objective:**

1.1. The objective of the consultation paper is to obtain feedback with regard to proposed enhancements around Business Continuity Plan (BCP) and Disaster Recovery (DR) framework of Market Infrastructure Institutions (MIIs) in terms of -

a) Shortening time for conducting mock DR drills;
b) Strengthening operational resilience at primary site of MIIs, and;
c) Strengthening data recovery for Stock Exchanges.

2. **Background:**

2.1. Guidelines for BCP and DR for MIIs were stipulated first in April 2012 and were further enhanced over the years with significant enhancements in March 2019 and March 2021.

2.2. There have been various learnings over time with regard to practices followed by MIIs around conducting DR drills in mock environment, testing and data recovery. On the basis of aforesaid, in order to increase the operational resilience and ease of compliance by MIIs, additional norms are proposed.

3. **Regulatory Objective:**

3.1. To enhance ease of conducting DR drills by MIIs;

3.2. To increase operational resilience of MIIs.

4. **Proposals:**

Keeping in mind the aforesaid objectives, following norms are proposed to strengthen BCP / DR framework of MIIs:

4.1. **Shortening time for conducting mock DR drills -**

4.1.1. Para 9.1.3.3 and Para 9.1.3.8 of Master Circular dated December 30, 2024 for Stock Exchanges and Clearing Corporations stipulates conducting DR drills for one full trading day and a scenario of intraday shifting from Primary Data Centre (PDC) to Disaster Recovery Site (DRS) during the mock trading sessions in order to demonstrate its preparedness to meet stipulated Recovery Time Objective (RTO) / Recovery Point Objective (RPO). Identical stipulations exist in the Master Circular for Depositories and the Master Circular for Commodity Derivatives Segment.

4.1.2. In light of representation received from stock exchange with commodity derivatives segment wherein the trading day goes on till 11:55 PM for certain trading products, it is noted that conducting DR drills for whole of market hours could be cumbersome for market participants as well as MIIs.

4.1.3. Accordingly, the following is proposed with regard to conducting DR drills by MIIs:

4.1.3.1. DR drill would involve initiating operations at PDC and switching over operations to DRS during a non-working day.

4.1.3.2. Overall session time for DR drill should be at least 4 hours including the switchover time from PDC to DRS.

4.1.3.3. MIIs shall cover all the scenarios of market operations during the DR drill and simulate real life load / participation close to the actual load.

4.1.3.4. As part of the switchover exercise in DR drill, MIIs shall test various scenarios impacting their systems, depending on their architecture and line of business. Such list of comprehensive scenarios should be reviewed by the Standing Committee on Technology (SCOT) of MIIs. This would enhance preparedness of MIIs to handle disruptions in their systems during live operations.

4.1.4. The aforesaid proposals would increase ease of carrying out DR drills for market participants through condensed session time during DR drills and also prepare MII for various real life scenarios of system disruptions.

4.2. **Strengthening operational resilience at primary site of MIIs -**

4.2.1. In addition to strengthening framework for DR drills, following measures are proposed to strengthen operational resilience at PDC:

4.2.1.1. MIIs shall conduct comprehensive stress testing / mock testing not only on transactions volumes, orders per second etc., but also on various masters, table sizes, other non-transactional components etc. to assess system performance for scaled up activity level / load / database records. Further, MIIs shall regularly test the fault tolerance of their PDC / DRS to satisfy themselves that if a component / switch / server / etc. fails, the redundant component / switch / server / etc. automatically takes over operations, ensuring business continuity.

4.2.1.2. MIIs shall proactively identify, document and monitor all boundary conditions and upper limits (such as database, configuration, table size, counter limits etc.) to prevent exceptions in smooth operations before such limits are breached. This is proposed with the objective of proactively identifying possible system bottlenecks as the activity / participation increases.

4.2.1.3. MIIs shall ensure adequacy of logging of errors at application / component level and also prepare a ready reckoner for interpreting such errors. This is proposed with the objective of speeding up trouble shooting in case of disruption of any component / software.

4.2.1.4. MIIs shall have periodic tests / alerts verifying component / application level controls / configurations pertaining to IT systems of PDC, Near Site (NS) and DRS to ensure that there is no drift in the configuration / settings at individual component level. This would ensure identical configuration / settings between PDC and DRS.

4.3. **Strengthening data recovery for Stock Exchange -**

4.3.1. In case of disruptions in operations of Stock Exchange, the existing business continuity protocol involves attempting recovery of trade data from Near Site (NS) or DRS. It may be possible that the disruption scenario impacted replication at NS or DRS of stock exchange. The connectivity arrangement between a Stock Exchange and a Clearing Corporation (CC) is different from the link connectivity of a stock exchange with its NS / DRS. It is therefore proposed that stock exchanges shall put in place a framework to recover the lost data from the CCs in case of disruption. Necessary SOPs shall be put in place by stock exchanges / CCs in this regard.

5. Invitation for Public Comments:

5.1. Public comments are invited on the proposals outlined above. The comments/ suggestions should be submitted latest by **October 05, 2026**, through the online web-based form which can be accessed using the following link: *https://www.sebi.gov.in/sebiweb/publiccommentv2/PublicCommentAction.do?doPublicComments=yes.*

5.2. In case of any technical issue in submitting your comment(s) through the web based public comments form, you may email your comment(s) to following-

a) Shri Darshil Bhatt, Deputy General Manager (darshilb@sebi.gov.in) and,

b) Shri Abhijeet Srivastava, Assistant General Manager (abhijeets@sebi.gov.in).

While sending the email, kindly mention the subject as "**Consultation Paper on Measures to Strengthen Business Continuity Plan (BCP) and Disaster Recovery (DR) of Market Infrastructure Institutions (MIIs)**"

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