

Chapter 29

Commission Delegated Regulation (EU) 2017/589

Article 14 Business continuity
arrangements(Article 17(1) of Directive
2014/65/EU)

(1) An investment firm shall have business continuity arrangements in place for its algorithmic trading systems which are appropriate to the nature, scale and complexity of its business. Those arrangements shall be documented in a durable medium.

(2) Business continuity arrangements of an investment firm shall effectively deal with disruptive incidents and, where appropriate, ensure a timely resumption of the algorithmic trading. Those arrangements shall be adapted to the trading systems of each of the trading venue accessed and shall include the following:

(a) a governance framework for the development and of the deployment of the business continuity arrangement;

(b) a range of possible adverse scenarios relating to the operation of the algorithmic trading systems, including the unavailability of systems, staff, work space, external suppliers or data centres or loss or alteration of critical data and documents;

(c) procedures for relocating the trading system to a back-up site and operating the trading system from that site, where having such a site is appropriate to the nature, scale and complexity of the algorithmic trading activities of the investment firm;

(d) staff training on the operation of the business continuity arrangements;

(e) usage policy regarding the functionality referred to in Article 12;

(f) arrangements for shutting down the relevant trading algorithm or trading system where appropriate;

(g) alternative arrangements for the investment firm to manage outstanding orders and positions.

(3) An investment firm shall ensure that its trading algorithm or trading system can be shut down in accordance with its business continuity arrangements without creating disorderly trading conditions.

(4) An investment firm shall review and test its business continuity arrangements on an annual basis and modify the arrangements in light of that review.