Preptorum

FIRST-HOUR RUNBOOK: TRADING SYSTEMS DOWN

EXAMPLE PACK: TORUMPREP INC
DOCUMENT 02
FICTIONAL · NOT A REAL COMPANY

TorumPrep Inc · Continuity pack document 02

> **FICTIONAL EXAMPLE CONTENT – TorumPrep Inc is not a real company.** Roles, limits and timings are invented examples. A real firm replaces them with its own approved procedures.

Use this runbook when the trading platform, order management, or the risk system is unavailable or cannot be trusted, for any reason: a cloud outage, a network failure, a software fault or a cyber event. If you are unsure whether it applies, start it. Standing down early costs little; starting late costs a lot.

1. WHO DECIDES

ROLE	DECIDES	STAND-IN IF ABSENT
Incident Lead (duty Head of Trading in the office that is open)	Declares the incident, sets the trading state (normal, restricted, halted), approves voice hedges above desk limits	Duty Chief Risk Officer delegate
Risk Duty Manager	Applies degraded-mode limits; signs off the offline position view	Deputy Risk Duty Manager
Operations Duty Manager	Trade capture on paper, broker confirmations, reconciliation log	Senior operations analyst on shift
Technology On-Call Lead	Diagnosis, failover decision, recovery estimate	Cloud platform on-call engineer
Communications Lead	Client and counterparty messages	Head of Client Service delegate
Compliance Duty Officer	Regulator notifications under our own procedures; record-keeping	Deputy Compliance Duty Officer

Rules of authority

- One Incident Lead at a time. Hand over explicitly, out loud and in the log (see document 04).
- Only the Incident Lead changes the trading state.
- If the Incident Lead cannot be reached within 5 minutes (example), the most senior trading role on the floor takes the role until relieved.

2. THE FIRST HOUR, MINUTE BY MINUTE

0–5 MINUTES: CONFIRM AND DECLARE

☐ **Anyone:** report the problem to the desk head and the Technology On-Call Lead by phone. Do not wait for email or Teams.

☐ **Incident Lead:** declare a trading systems incident and note the time.

☐ **Incident Lead:** set trading state to **Restricted**: no new risk; hedging and client-requested risk reduction only.

☐ **All traders:** stop entering orders into any system that may be affected. Write down any order you placed in the last 15 minutes (example) that you cannot confirm.

☐ **Operations:** open the paper incident log (front of the incident folder, or the log template on this drive) and start writing times and decisions.

☐ **Incident Lead:** open the out-of-band bridge (document 04, section 4) if email or Teams are affected.

5–15 MINUTES: SEE WHAT WE HOLD

☐ **Risk Duty Manager:** open the latest **offline position snapshot** on the Preptorum drive. Our own risk system exports them and risk staff copy them onto the drives; the drive never updates itself. Two kinds are kept:

- end-of-day snapshot, by desk, book and instrument (example: copied each evening);
- intraday snapshot (example: exported and copied every two hours during trading).

☐ **Risk Duty Manager:** note the snapshot time; if it is older than expected, say so on the bridge. Anything traded after that time must be added by hand.

☐ **Traders:** list trades done since the snapshot from your own notes, blotters, chat logs you can still reach and voice-recording timestamps.

☐ **Operations:** check outside sources that do not depend on our systems:

- executing broker and prime broker statements or portals;
- clearing house and exchange member portals;
- custodian reports.

☐ **Risk Duty Manager:** produce a one-page position view for the Incident Lead: largest exposures by desk, by currency and by tenor, and anything near its limit.

15–30 MINUTES: CONTROL THE RISK

☐ **Risk Duty Manager:** apply **degraded-mode limits** (table below).

☐ **Incident Lead:** decide, with the desk heads, which exposures need hedging now and which can wait for recovery.

☐ **Traders:** place essential hedges by **voice on recorded lines** with approved brokers (section 4). One trade per call. Read back every detail.

☐ **Operations:** record every voice trade on the paper trade ticket and in the incident log, with the time, broker, instrument, side, size, price and the trader's name.

☐ **Technology On-Call Lead:** give the Incident Lead a first view: cause if known, what is affected, failover option, and an honest recovery estimate with its confidence.

☐ **Compliance Duty Officer:** start the regulator notification checklist in our own procedures (section 5).

30–60 MINUTES: STEADY THE POSITION AND COMMUNICATE

☐ **Incident Lead:** confirm the trading state for the next hour: stay Restricted, move to Halted, or return towards Normal if systems are confirmed sound.

☐ **Communications Lead:** send the first client and counterparty message using the approved template (section 5).

☐ **Operations:** begin matching broker confirmations to paper tickets; flag any break immediately.

☐ **Risk Duty Manager:** refresh the position view with all voice trades; re-check limits.

☐ **Incident Lead:** if London is within 2 hours (example) of its close, alert New York and plan the handover (document 04).

☐ **Incident Lead:** set the next update time and tell everyone on the bridge.

3. RISK LIMITS IN A DEGRADED STATE (EXAMPLE)

MEASURE	NORMAL	DEGRADED MODE
New risk-taking	Within desk limits	Not allowed; hedging and risk reduction only
Single voice hedge, per trader	Desk limit	Up to 25% of normal desk limit (example), then Incident Lead approval
Total desk exposure	Desk limit	Must not increase from the snapshot view
New clients or products	Normal approval	Not allowed
Limit breaches	Escalate per policy	Report to Incident Lead immediately; record in the log

Why limits tighten: without live risk numbers, every figure we hold is an estimate. Smaller limits keep any error small.

4. VOICE HEDGING WITH BROKERS

- Use only **recorded lines** on the trading floor, or the recorded mobile service set up for continuity. If recording is down, the Incident Lead must approve each trade and Operations must note the reason.
- Call only brokers on the **approved continuity broker list** kept on this drive, using the numbers on that list.
- Follow the same steps every time:
  1. Identify yourself, the firm and your account.
  2. State the trade: instrument, side, size, price or price instruction, settlement.
  3. Ask the broker to read the trade back. Confirm it.
  4. Ask for written confirmation to the out-of-band email address on the contact sheet (an address at a domain outside our main platforms; in this pack, ops-confirm@torumprep.example).
  5. Write the paper ticket before you make the next call.

- **Back office reconciliation:** Operations matches every confirmation to a ticket and to the voice recording. Any trade without a matching confirmation by the end of the day is treated as a break and escalated.
- When systems return, Operations enters every voice trade into the books from the paper tickets, and a second person checks each one.

5. TALKING TO CLIENTS AND REGULATORS

Clients and counterparties

- Send short, factual messages: what is affected, what we are doing, what the client should do, and when we will update next.
- Do not guess at the cause or the recovery time.
- Use approved templates kept on this drive. Send them by the channel that still works: phone, SMS, an alternate email domain, or client portal.

Example first message: "We are experiencing a technology disruption affecting electronic trading. Our dealers remain available by phone on the numbers below. Existing trades are not affected unless we contact you directly. Our next update will be at [time]."

Regulators

- The Compliance Duty Officer leads. Notify your regulators according to your notification obligations (for example UK FCA/PRA and the relevant US regulators), as set out in your own procedures.
- Keep a timed record of what was known, when, and what was said.
- Do not let the regulator hear about the incident first from somewhere else; when in doubt, escalate early within compliance.

6. STANDING DOWN

The Incident Lead stands the incident down only when:

- trading and risk systems are confirmed sound by the Technology On-Call Lead;
- every voice trade has been booked and checked by a second person;
- positions in the system match the reconciled offline view;
- clients and regulators have had a closing message where needed.

Then hold a short review within two working days (example) and update this runbook.