

Highlights of [GAO-10-8](#), a report to congressional requesters

**Why GAO Did This Study**

Concerns exist that a more severe pandemic outbreak than 2009's could cause large numbers of people staying home to increase their Internet use and overwhelm Internet providers' network capacities. Such network congestion could prevent staff from broker-dealers and other securities market participants from teleworking during a pandemic. The Department of Homeland Security (DHS) is responsible for ensuring that critical telecommunications infrastructure is protected.

GAO was asked to examine a pandemic's impact on Internet congestion and what actions can be and are being taken to address it, the adequacy of securities market organizations' pandemic plans, and the Securities and Exchange Commission's (SEC) oversight of these efforts. GAO reviewed relevant studies, regulatory guidance and examinations, interviewed telecommunications providers and financial market participants, and analyzed pandemic plans for seven critical market organizations.

**What GAO Recommends**

GAO recommends DHS begin planning to address Internet congestion and SEC better review market participants' plans. SEC agreed. DHS agreed to address potential congestion for national security and emergency communications, but not more broadly. GAO believes DHS should do more to address potential Internet congestion.

[View GAO-10-8 or key components.](#)  
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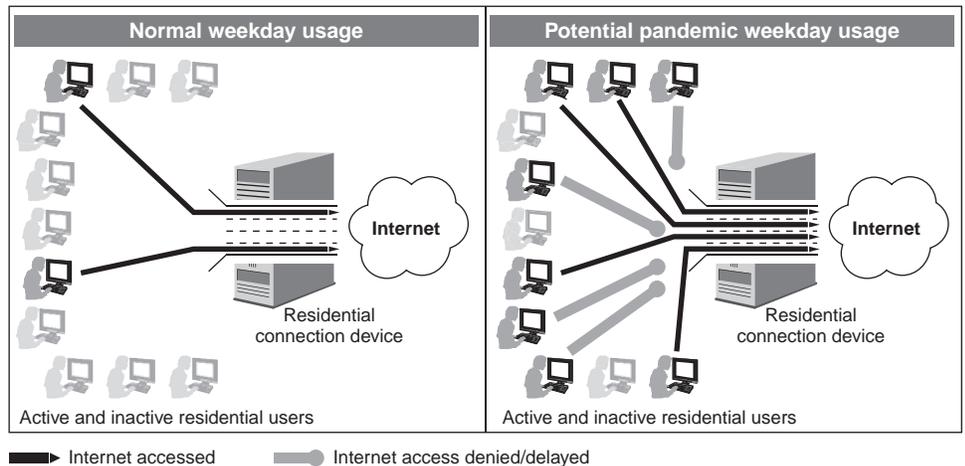
**INFLUENZA PANDEMIC**

**Key Securities Market Participants Are Making Progress, but Agencies Could Do More to Address Potential Internet Congestion and Encourage Readiness**

**What GAO Found**

Increased demand during a severe pandemic could exceed the capacities of Internet providers' access networks for residential users and interfere with teleworkers in the securities market and other sectors, according to a DHS study and providers (see figure below). Private Internet providers have limited ability to prioritize traffic or take other actions that could assist critical teleworkers. Some actions, such as reducing customers' transmission speeds or blocking popular Web sites, could negatively impact e-commerce and require government authorization. However, DHS has not developed a strategy to address potential Internet congestion or worked with federal partners to ensure that sufficient authorities to act exist. It also has not assessed the feasibility of conducting a campaign to obtain public cooperation to reduce nonessential Internet use to relieve congestion. DHS also has not begun coordinating with other federal and private sector entities to assess other actions that could be taken or determine what authorities may be needed to act.

**Likely Internet Congestion Points Affecting Teleworkers**



Source: GAO.

Because the key securities exchanges and clearing organizations generally use proprietary networks that bypass the public Internet, their ability to execute and process trades should not be affected by any congestion. In analyzing seven critical market organizations, GAO found they had prepared pandemic plans that addressed key regulatory elements, including hygiene programs to minimize staff illness and continuing operations by spreading staff across geographic areas. However, not all had completed or documented analyses of whether they would have sufficient staff capable of carrying out critical activities if many of their employees were ill. Also, not all had developed alternatives to teleworking if congestion arises. SEC staff have been regularly examining market organizations' readiness, but could further reduce risk of disruptions by ensuring that these organizations prepare complete staffing analyses and teleworking alternatives.