

**Financial Sector’s Cybersecurity:**

**A Regulatory Digest**∗

August 2018

This Digest is intended to be a live, periodically updated compilation of recent laws, regulations, guidelines and other significant documents on cybersecurity for the financial sector; it is, therefore, organized in reverse chronological order, with the most recent document first. *The Digest is not meant to be comprehensive of everything published by all jurisdictions and international bodies.* *The explanatory summaries are composed of text extracted from the documents and includes links to the original documents or websites that contained them at the time of including them in the Digest.* A separate “Appendix” file includes an “Index by Concepts” and a “Source Table.”

The Digest has been compiled and it is being maintained by Aquiles A. Almansi (Lead Financial Sector Specialist, GFCEW), Yejin Carol Lee (Senior Financial Sector Specialist, GFCFS), and Jiemin Ren (Consultant).

**CONTENTS**

[TABLES 7](#_Toc526939945)

[TABLE 1. Documents from Single Jurisdictions 7](#_Toc526939946)

[TABLE 2. Documents from the European Union 11](#_Toc526939947)

[TABLE 3. Documents from Multilateral Institutions 11](#_Toc526939948)

[INTRODUCTION 13](#_Toc526939949)

[DOCUMENTS 15](#_Toc526939950)

[(in reverse chronological order) 15](#_Toc526939951)

[1. ECB TIBER-EU Framework & Services Procurement Guidelines: (Aug 2018 & May 2018) 15](#_Toc526939952)

[2. IIF Cloud Computing paper (Part 1) (Aug 2018) 15](#_Toc526939953)

[3. NIST Small Business Cybersecurity Act (Aug 2018) 16](#_Toc526939954)

[4. UK Minimum Cyber Security Standard (Jun 2018) 16](#_Toc526939955)

[5. Canada’s updated Cyber Security Strategy (Jun 2018) 17](#_Toc526939956)

[6. FFIEC Joint Statement - Cyber Insurance and Its Potential Role in Risk Management Programs (Apr 2018) 18](#_Toc526939957)

[7. IIF Staff Paper on Addressing Cybersecurity Regulatory Fragmentation (Apr 2018) 18](#_Toc526939958)

[8. NIST Framework for Improving Critical Infrastructure Cybersecurity Version 1.1 (Apr 2018) 18](#_Toc526939959)

[9. Swiss national strategy for protection against cyber risks (Apr 2018) 19](#_Toc526939960)

[10. Singapore Cybersecurity Act (Mar 2018) 19](#_Toc526939961)

[11. BaFin specifies BAIT (Feb 2018) 20](#_Toc526939962)

[12. EBA Final Report – Guidelines on ICT Risk Assessment under the Supervisory Review and Evaluation Process (SREP) (Jan 2018) 21](#_Toc526939963)

[13. ECB (SSM) Cyber Incident Reporting Framework (2017) 21](#_Toc526939964)

[14. BaFin Banking Supervisory requirement for IT of banks (Nov 2017) 21](#_Toc526939965)

[15. DNB TIBER-NL Guidance 2.0 (Nov 2017) 22](#_Toc526939966)

[16. SFC Guidelines for Reducing and Mitigating Hacking Risks Associated with Internet Trading (Oct 2017) 23](#_Toc526939967)

[17. FSB Stocktake and Summary Report on Financial Sector Cybersecurity Regulations, Guidance and Supervisory Practices (Oct 2017) 23](#_Toc526939968)

[18. G-7 Follow-up guidance on Fundamental Elements for Effective Assessment of Cybersecurity in the Financial Sector (Oct 2017) 24](#_Toc526939969)

[19. EC Legislative proposal on a Framework for Free Flow of Non-Personal Data in the EU (Sep 2017) 25](#_Toc526939970)

[20. EC Legislative proposal on ENISA and cybersecurity certification framework (Sep 2017) 26](#_Toc526939971)

[21. AU - Banking Executive Accountability & Related Measures Bill (Sep 2017) 27](#_Toc526939972)

[22. US NIST Cybersecurity Workforce Framework (Aug 2017) 27](#_Toc526939973)

[23. US SEC Cybersecurity Examination Initiative Risk Alert (Aug 2017) 27](#_Toc526939974)

[24. FSI Insights: Regulatory approaches to enhance banks’ cyber-security frameworks (Aug 2017) 28](#_Toc526939975)

[25. IMF WP- Cyber Risk, Market Failures, and Financial Stability (Aug 2017) 28](#_Toc526939976)

[26. SWIFT Customer Security Program (Jul/ May /April 2017) 28](#_Toc526939977)

[27. UK FCA Consultation - Individual Accountability Regime (Jul 2017) 29](#_Toc526939978)

[28. ENISA Cyber Europe 2016: After Action Report (Jun 2017) 29](#_Toc526939979)

[29. Singapore Association of Banks’ Guidelines on control objectives and procedures for outsourced service providers (Jun 2017) 30](#_Toc526939980)

[30. People Republic of China Cyber-Security Law (Jun 2017) 30](#_Toc526939981)

[31. SAMA Cyber Security Framework (May 2017) 31](#_Toc526939982)

[32. G7 - fundamental elements for effective cybersecurity assessment (May 2017) 31](#_Toc526939983)

[33. EBA ICT risk guidelines (May 2017) 32](#_Toc526939984)

[34. EU Report on influence of tech on future of financial sector (May 2017) 33](#_Toc526939985)

[35. FFIEC Cybersecurity Assessment Tool (May 2017) 33](#_Toc526939986)

[36. Report of India's Working Group for Setting up of a financial sector CERT (May 2017) 34](#_Toc526939987)

[37. SARB Guidance to banks on cyber resilience (May 2017) 34](#_Toc526939988)

[38. Australia’s Cyber Security Strategy First Annual Update (Apr 2017) 34](#_Toc526939989)

[39. ASX 100 Cyber Health Check Survey Report (Apr 2017) 34](#_Toc526939990)

[40. IRDAI Guidelines on Information and Cyber Security for insurers (Apr 2017) 35](#_Toc526939991)

[41. ESAs Report on main risks for the EU Financial System (Apr 2017) 35](#_Toc526939992)

[42. AICPA SOC for Cybersecurity (Apr 2017) 35](#_Toc526939993)

[43. The International Strategy of Cooperation on Cyberspace of the People’s Republic of China (Mar 2017) 36](#_Toc526939994)

[44. NY cyber-security requirements for financial services companies (Mar 2017) 36](#_Toc526939995)

[45. EU Commission Consultation on the impact of FinTech (Mar 2017) 37](#_Toc526939996)

[46. BaFin Consultation on bank regulatory requirements for IT systems (Mar 2017) 37](#_Toc526939997)

[47. UK Open Banking Initiative (Mar 2017) 38](#_Toc526939998)

[48. CPMI report - DLT in payment clearing/settlement (Feb 2017) 38](#_Toc526939999)

[49. US NIST draft updated Cybersecurity Framework (Jan 2017) 39](#_Toc526940000)

[50. Turkey National Cyber Security Strategy and Action Plan (2016, 2013) 39](#_Toc526940001)

[51. UK National Cyber Security Strategy 2016-2021 (2016) 39](#_Toc526940002)

[52. UK CBEST Intelligence-Led Vulnerability Testing 2.0 (2016) 40](#_Toc526940003)

[53. The National Cyberspace Security Strategy of the People’s Republic of China (Dec 2016) 41](#_Toc526940004)

[54. UK Gov Cyber-Security Regulation and Incentives Review (Dec 2016) 41](#_Toc526940005)

[55. HKMA Enhanced Competency Framework on Cybersecurity (Dec 2016) 42](#_Toc526940006)

[56. SFC Circular on augmenting accountability of senior mgmt (Dec 2016) 42](#_Toc526940007)

[57. HKMA circular on Cybersecurity Fortification Initiative (Dec 2016) 42](#_Toc526940008)

[58. G7 Fundamental Elements of Cybersecurity for Financial Sector (Oct 2016) 43](#_Toc526940009)

[59. US FinCEN Advisory on FIs obligations on cyber-related events (Oct 2016) 45](#_Toc526940010)

[60. US FBAs ANPR for enhanced cybersecurity standards (Oct 2016) 45](#_Toc526940011)

[61. SFC Review of cybersecurity of online & mobile trading systems (Oct 2016) 46](#_Toc526940012)

[62. MY SC Guidelines to Enhance Cyber resilience of Capital Mkt (Oct 2016) 47](#_Toc526940013)

[63. APRA Information Paper: 2015/16 Cyber Security Survey Results (Sep 2016) 47](#_Toc526940014)

[64. CSA Staff Notice on Cyber Security (Sep 2016) 48](#_Toc526940015)

[65. IE CB Cross Industry Guidance on IT and Cybersecurity Risks (Sept 2016) 48](#_Toc526940016)

[66. India Non-Banking Financial Company - Account Aggregators (Sep 2016) 48](#_Toc526940017)

[67. ENISA Strategies for Incident Response & Cyber Crisis Coop. (Aug 2016) 49](#_Toc526940018)

[68. MAS Guidelines on Outsourcing (Jul 2016) 50](#_Toc526940019)

[69. EU Directive on Security of Network and Information Systems (Jul 2016) 51](#_Toc526940020)

[70. IDRBT Cyber Security Checklist (Jul 2016) 51](#_Toc526940021)

[71. RBI Circular to Establish Cyber Security Framework in Banks (Jun 2016) 52](#_Toc526940022)

[72. CPMI-IOSCO Guidance on cybersecurity (Jun 2016) 53](#_Toc526940023)

[73. HKMA Circular Security controls related to Internet banking services (May 2016) 53](#_Toc526940024)

[74. Report on IOSCO’s Cyber Risk Coordination Efforts (Apr 2016) 54](#_Toc526940025)

[75. Australia’s Cyber Security Strategy (Apr 2016) 54](#_Toc526940026)

[76. EU General Data Protection Regulation (Apr 2016) 54](#_Toc526940027)

[77. ASIC - Cyber resilience assessment report: ASX Group and Chi-X Australia Pty Ltd (Mar 2016) 55](#_Toc526940028)

[78. ISO/IEC - IT, Security Techniques, InfoSec Management Systems (Feb 2016) 55](#_Toc526940029)

[79. EU Payment Services Directive 2 (Jan 2016) 56](#_Toc526940030)

[80. South Africa National Cybersecurity Policy Framework (Dec 2015) 57](#_Toc526940031)

[81. France National Digital Security Strategy (Oct 2015) 58](#_Toc526940032)

[82. MAS Circular - Tech Risk and Cybersecurity Training for Board (Oct 2015) 58](#_Toc526940033)

[83. HKMA Supervisory Policy Manual, Risk Management of E-banking (Sep 2015) 58](#_Toc526940034)

[84. Japan’s National Center of Incident Readiness and Strategy for Cybersecurity (Sep 2015) 58](#_Toc526940035)

[85. MAS Circular on Early Detection of Cyber Intrusions (Aug 2015) 59](#_Toc526940036)

[86. SEBI Cyber Security and Cyber Resilience framework of Stock Exchanges, Clearing Corporation and Depositories (Jul 2015) 59](#_Toc526940037)

[87. JFSA Policy Approaches to Strengthen Cyber Security in the Financial Sector (Jul 2015) 59](#_Toc526940038)

[88. APRA Information Paper: Outsourcing involving Shared Computing Services (including Cloud) (Jul 2015) 60](#_Toc526940039)

[89. UK FCA/PRA Senior Managers and Certification Regime (Jul 2015) 60](#_Toc526940040)

[90. SFC Circular to all Licensed Corporations on Internet Trading (Jun 2015) 61](#_Toc526940041)

[91. SEC Investment Management Guidance Update on Cybersecurity Guidance (Apr 2015) 62](#_Toc526940042)

[92. Central Bank of Israel Directive on Cyber-Defense Management (Mar 2015) 62](#_Toc526940043)

[93. ASIC’s Report on Cyber Resilience (Mar 2015) 63](#_Toc526940044)

[94. EBA Guidelines on Security of Internet Payments (Dec 2014) 63](#_Toc526940045)

[95. Japan’s Basic Act on Cybersecurity (Nov 2014) 63](#_Toc526940046)

[96. CODISE publishes new Guide (May 2014) 64](#_Toc526940047)

[97. Russian banking system standard on information security maintenance (Apr 2014) 64](#_Toc526940048)

[98. MAS Notice on Technology Risk Management (Mar 2014) 65](#_Toc526940049)

[99. Spain National Cyber Security Strategy (Dec 2013) 65](#_Toc526940050)

[100. Netherlands National Cyber Security Strategy (Oct 2013) 65](#_Toc526940051)

[101. OSFI Cyber Security Self-Assessment Guidance (Oct 2013) 66](#_Toc526940052)

[102. ASIC REGULATORY GUIDE 172: Australian market licences: Australian operators (Sep 2013) 66](#_Toc526940053)

[103. ACPR guidance: risks associated with cloud computing (Jul 2013) 67](#_Toc526940054)

[104. MAS Technology Risk Management Guideline (Jun 2013) 67](#_Toc526940055)

[105. APRA Prudential Practice Guide CPG 234 – Management of Security Risk in Information and Information Technology (May 2013) 68](#_Toc526940056)

[106. PBOC Implementation guide for classified protection of information system of financial industry (July 2012) 68](#_Toc526940057)

[107. World Bank - General Principles for Credit Reporting (Sep 2011) 68](#_Toc526940058)

[108. BCBS Principles for the Sound Management of Operational Risk (Jun 2011) 69](#_Toc526940059)

[109. FFIEC - Authentication in Internet Banking Environment, suppl. (Jun 2011) 69](#_Toc526940060)

[110. AICPA suite of SOC & Implementation Guidance (Apr 2010) 70](#_Toc526940061)

[111. CBRC Guidelines on the Risk Management of Commercial Banks’ Information Technology (2009) 70](#_Toc526940062)

[112. ENISA National Exercises Good Practice Guide (Dec 2009) 70](#_Toc526940063)

[113. ENISA Good Practice Guide on Incident Reporting (Dec 2009) 71](#_Toc526940064)

[114. German Federal Office for Information Security Act (Aug 2009) 71](#_Toc526940065)

[115. KR Electronic Financial Transactions Act and Enforcement Decree (Jan 2007) 71](#_Toc526940066)

[116. KR Regulation on Supervision of Electronic Financial Transactions (Jan 2007) 71](#_Toc526940067)

[APPENDIX: INDEX by CONCEPTS 73](#_Toc526940068)

# **TABLES**

## TABLE 1. Documents from Single Jurisdictions

(Alphabetical Order of Country followed by Date)

| INSTITUTION | DATE  | NAME |
| --- | --- | --- |
| Australia Treasury | Sep 2017 | [Draft Treasury Laws Amendment (Banking Executive Accountability and Related Measures) Bill 2017](#_Draft_Treasury_Laws) |
| Australia | Apr 2017 | [Australia’s Cyber Security Strategy First Annual Update](#_Australia’s_Cyber_Security) |
| Australian Securities Exchange (ASX) | Apr 2017 | [ASX 100 Cyber Health Check Survey Report](#_ASX_100_Cyber) |
| Australian Prudential Regulation Authority (APRA) | Sep 2016 | [2015/16 Cyber Security Survey Results](#_APRA_Information_Paper:) |
| Australia | Apr 2016 | [Australia’s Cyber Security Strategy](#_Australia’s_Cyber_Security_1) |
| Australian Securities & Investment Commission (ASIC) | Mar 2016 | [Cyber resilience assessment report: ASX Group and Chi-X Australia Pty Ltd](#_ASIC_-_Cyber) |
| APRA | Jul 2015 | [Outsourcing involving Shared Computing Services](#_APRA_Information_Paper:_1) |
| ASIC  | Mar 2015 | [ASIC Report on Cyber Resilience](#_ASIC’s_Report_on) |
| ASIC | Sep 2013 | [ASIC Regulatory Guide 172: Australian market licences: Australian operators](#_ASIC_REGULATORY_GUIDE) |
| APRA | May 2013 | [APRA Prudential Practice Guide CPG 234 – Management of Security Risk in Information and Information Technology](#_APRA_Prudential_Practice) |
|  |  |  |
| Canada | Jun 2018 | [National Cyber Security Strategy](#_Canada’s_updated_Cyber) |
| Office of the Superintendent of Financial Institutions (OSFI) | Oct 2013 | [Cyber Security Self-Assessment Guidance](#_OSFI_Cyber_Security) |
|  |  |  |
| China | Jun 2017 | [People Republic of China Cyber-Security Law](#_People_Republic_of_1) |
| China | Mar 2017 | [The International Strategy of Cooperation on Cyberspace of the People’s Republic of China](#_The_International_Strategy)  |
| China | Dec 2016 | [The National Cyberspace Security Strategy of the People’s Republic of China](#_UK_Government_Cyber-Security) |
| China Banking Regulatory Commission (CBRC) | 2009 | [CBRC Guidelines on the Risk Management of Commercial Banks’ Information Technology](#_CBRC_Guidelines_on) |
|  |  |  |
| France | Oct 2015 | [France National Digital Security Strategy](#_France_National_Digital) |
| French Autorité de Contrôle Prudentiel et de Résolution (ACPR) | Jul 2013 | [ACPR guidance: risks associated with cloud computing](#_ACPR_guidance:_risks) |
|  |  |  |
| German Federal Financial Supervisory Authority (BaFin) | Feb 2018 | [BaFin specifies BAIT](#_BaFin_specifies_BAIT) |
| BaFin | Nov 2017 | [BaFin Banking Supervisory requirement for IT of banks](#_BaFin_Banking_Supervisory) |
| BaFin | Mar 2017 | [BaFin consultation on Circular on bank regulatory requirements for IT systems](#_BaFin_consultation_on) |
| Federal Office of Information Security | Aug 2009 | [German Federal Office for Information Security Act](#_German_Federal_Office) |
|  |  |  |
| Hong Kong Securities and Futures Commission (HK SFC) | Oct 2017 | [SFC Guidelines for Reducing and Mitigating Hacking Risks Associated with Internet Trading](#_SFC_Guidelines_for) |
| HK SFC | Dec 2016 | [HK SFC Circular on augmenting accountability of senior management](#_HK_SFC_Circular)  |
| Hong Kong Monetary Authority (HKMA) | Dec 2016 | [HKMA Enhanced Competency Framework (ECF) on Cybersecurity](#_HKMA_Enhanced_Competency) |
| HKMA | Dec 2016 | [HKMA Circular on the Cyber-security Fortification Initiative](#_HKMA_circular_on) |
| HK SFC | Oct 2016 | [HK SFC Review of cyber-security of online and mobile trading systems](#_HK_SFC_Review) |
| HKMA | May 2016 | [HKMA Circular Security controls related to Internet banking services](#_HKMA_Circular_Security) |
| HKMA | Sep 2015 | [HKMA Supervisory Policy Manual, Risk Management of E-banking](#_HKMA_Supervisory_Policy) |
| HK SFC | Jun 2015 | [SFC Circular to all Licensed Corporations on Internet Trading](#_SFC_Circular_to) |
|  |  |  |
| Indian computer emergency response team (CERT-In) | May 2017 | [Report of India's Working Group for Setting up of a financial sector CERT](#_Report_of_India's) |
| Insurance Regulatory and Development Authority of India (IRDAI) | Apr 2017 | [IRDAI Guidelines on Information and Cyber Security for insurers](#_IRDAI_Guidelines_on) |
| Reserve Bank of India (RBI) | Sep 2016 | [India Non-Banking Financial Company - Account Aggregators](#_India_Non-Banking_Financial) |
| Institute for Development and Research in Banking Technology (IDRBT) | Jul 2016 | [IDRBT Cyber Security Checklist](#_IDRBT_Cyber_Security) |
| RBI | Jun 2016 | [RBI Circular to Establish Cyber Security Framework in Banks](#_RBI_Circular_to) |
| Securities and Exchange Board of India (SEBI) | Jul 2015 | [SEBI Cyber Security and Cyber Resilience framework of Stock Exchanges, Clearing Corporation and Depositories](#_SEBI_Cyber_Security) |
|  |  |  |
| Bank of Ireland | Sep 2016 | [IE CB Cross Industry Guidance on IT and Cybersecurity Risks](#_IE_CB_Cross)  |
|  |  |  |
| Bank of Israel | Mar 2015 | [Central Bank of Israel Directive on Cyber-defense Management](#_Central_Bank_of_2) |
|  |  |  |
| Italy | May 2014 | [CODISE publishes new Guide](#_CODISE_publishes_new) |
|  |  |  |
| Japan’s National Center of Incident Readiness and Strategy for Cybersecurity | Sep 2015 | [Japan’s National Center of Incident Readiness and Strategy for Cybersecurity](#_Japan’s_National_Center) |
| Japanese Financial Services Agency (JFSA) | Jul 2015 | [JFSA Policy Approaches to Strengthen Cyber Security in the Financial Sector](#_JFSA_Policy_Approaches) |
| Japan | No 2014 | [Japan’s Basic Act on Cybersecurity](#_Japan’s_Basic_Act) |
|  |  |  |
| Korea | Jan 2007 | [Korea Electronic Financial Transactions Act and Enforcement Decree](#_Korea_Electronic_Financial) |
| Korean Financial Services Commission / Financial Supervisory Service | Jan 2007 | [Korea Regulation on Supervision of Electronic Financial Transactions](#_Korea_Regulation_on) |
|  |  |  |
| SC Malaysia | Oct 2016 | [Malaysia Securities Commission Guidelines to enhance cyber-resilience of the Capital Market](#_Malaysia_Securities_Commission) |
|  |  |  |
| Netherlands | Nov 2017 | [DNB TIBER-NL Guidance](#_DNB_TIBER-NL_Guidance) |
| Netherlands | Oct 2013 | [Netherlands National Cyber Security Strategy](#_Netherlands_National_Cyber) |
|  |  |  |
| Russia | Apr 2014 | [Russian banking system standard on information security maintenance](#_Russian_banking_system) |
|  |  |  |
| Saudi Arabian Monetary Authority (SAMA) | May 2017 | [SAMA Cyber Security Framework](#_SAMA_Cyber_Security) |
|  |  |  |
| Singapore | Mar 2018 | [Singapore Cybersecurity Act](#_Singapore_Cybersecurity_Act) |
| Association of Banks in Singapore | June 2017 | [Singapore Association of Banks’ Guidelines on control objectives and procedures for outsourced service providers](#_Singapore_Association_of) |
| Monetary Authority of Singapore (MAS)  | July 2016 | [MAS Guidelines on Outsourcing](#_MAS_Guidelines_on) |
| MAS | Oct 2015 | [MAS Circular on Technology risk and cyber-security training for Board](#_MAS_Circular_on) |
| MAS | Aug 2015 | [MAS Circular on Early Detection of Cyber Intrusions](#_MAS_Circular_on_1) |
| MAS | Mar 2014 | [MAS Notice on Technology Risk Management](#_MAS_Notice_on) |
| MAS | Jun 2013 | [MAS Technology Risk Management Guideline](#_MAS_Technology_Risk) |
|  |  |  |
| South African Reserve Bank (SARB) | May 2017 | [SARB Guidance to banks on cyber resilience](#_SARB_Guidance_to) |
| South African Ministry of State Security | Dec 2015 | [South Africa National Cybersecurity Policy Framework](#_South_Africa_National) |
|  |  |  |
| Spain | Dec 2013 | [National Cyber Security Strategy](#_Spain_National_Cyber) |
|  |  |  |
| Switzerland | Apr 2018 | [Swiss national strategy for protection of Switzerland against cyber risks](#_Swiss_national_strategy) |
|  |  |  |
| Turkey | 2016, 2013 | [Turkey National Cyber Security Strategy and Action Plan](#_Turkey_National_Cyber) |
|  |  |  |
| UK | June 2018 | [UK Minimum Cyber Security Standard](#_UK_Minimum_Cyber) |
| UK Financial Conduct Authority (FCA) | Jul 2017 | [UK FCA Consultation on extending Individual Accountability regime (SMCR)](#_UK_FCA_Consultation) |
| UK Competition and Markets Authority | Mar 2017 | [UK Open Banking Initiative](#_UK_Open_Banking) |
| UK | 2016 | [UK National Cyber Security Strategy 2016-2021](#_UK_National_Cyber) |
| UK | Dec 2016 | [UK Government Cyber-security Regulation and Incentives Review](#_UK_Gov_Cyber-Security) |
| Bank of England | 2016 | [UK CBEST Intelligence-led cyber security assessment 2.0](#_UK_CBEST_Intelligence-Led_1) |
| UK FCA & Prudential Regulation Authority (PRA) | Jul 2015 | [UK FCA/PRA Senior Managers and Certification Regime](#_UK_FCA/PRA_Senior) |
|  |  |  |
| US National Institute of Standards and Technology (NIST) | Apr 2018 | [NIST Framework for Improving Critical Infrastructure Cybersecurity Version 1.1](#_NIST_Framework_for) |
| US FFIEC | Apr 2018 | [FFIEC Joint Statement - Cyber Insurance and Its Potential Role in Risk Management Programs](#_FFIEC_Joint_Statement_1) |
| US Federal Financial Institutions Examination Council (FFIEC) | Apr 2018 | [FFIEC Joint Statement - Cyber Insurance and Its Potential Role in Risk Management Programs](#_FFIEC_Joint_Statement) |
| US NIST | Aug 2017 | [US NIST Cybersecurity Workforce Framework](#_US_NIST_Cybersecurity) |
| US Securities and Exchange Commission (SEC) | Aug 2017 | [US SEC Cybersecurity Examination Initiative Risk Alert](#_US_SEC_Cybersecurity) |
| US FFIEC | May 2017 | [FFIEC Cybersecurity Assessment Tool](#_FFIEC_Cybersecurity_Assessment) |
| New York Department of Financial Services | Mar 2017 | [New York cyber-security requirements for financial services companies](#_NY_cyber-security_requirements) |
| US NIST | Jan 2017 | [US NIST draft updated Framework for Improving Critical Infrastructure Cyber-security](#_US_NIST_draft) |
| US Treasury Financial Crimes Enforcement Network | Oct 2016 | [US FinCEN Advisory on FIs obligations on cyber-related events and crimes](#_US_FinCEN_Advisory) |
| US Federal Banking Agencies | Oct 2016 | [US Federal Banking Agencies ANPR for enhanced cyber-security standards](#_US_Federal_Banking) |
| US SEC | Apr 2015 | [SEC Investment Management Guidance Update on Cybersecurity Guidance](#_SEC_Investment_Management) |
| US FFIEC | Jun 2011 | [FFIEC - Supplement to Authentication in an Internet Banking Environment](#_FFIEC_-_Supplement) |

## TABLE 2. Documents from the European Union

| INSTITUTION | DATE  | NAME |
| --- | --- | --- |
| European Central Bank (ECB) | Aug 2018; May 2018 | [ECB TIBER-EU Framework & Services Procurement Guidelines](#_ECB_TIBER-EU_Framework) |
| European Banking Authority (EBA) | Jan 2018 | [EBA Final Report -- Guidelines on ICT Risk Assessment under the Supervisory Review and Evaluation Process (SREP)](#_EBA_Final_Report) |
| European Commission (EC) | Sep 2017 | [EC Legislative proposal on a Framework for Free Flow of Non-Personal Data in the EU](#_EC_Legislative_proposal) |
| EC | Sep 2017 | [EC Legislative proposal on ENISA and cybersecurity certification framework](#_EC_Legislative_proposal_1) |
| ECB | 2017 | [ECB (SSM) Cyber Incident Reporting Framework (2017)](#_ECB_(SSM)_Cyber) |
| EU Agency for Network and Information Security (ENISA) | Jun 2017 | [ENISA Cyber Europe 2016: After Action Report](#_People_Republic_of) |
| EU Parliament | May 2017 | [EU Parliament Report on influence of technology on future of financial sector](#_EU_Parliament_Report) |
| ESAs (EBA, EIOPA, ESMA) | Apr 2017 | [ESAs Report on main risks for the EU Financial System](#_ESAs_Report_on) |
| EC | Mar 2017 | [EU Commission Consultation on the impact of FinTech](#_EU_Commission_Consultation) |
| ENISA | Aug 2016 | [ENISA Strategies for Incident Response and Cyber Crisis Cooperation](#_ENISA_Strategies_for) |
| EC | Jul 2016 | [EU Directive on Security of Network and Information Systems](#_EU_Directive_on) |
| EBA | Jun 2016 | [EBA ICT risk guidelines](#_EBA_ICT_risk) |
| EC | Apr 2016 | [EU General Data Protection Regulation](#_EU_General_Data) |
| EC | Jan 2016 | [EU Payment Services Directive 2](#_EU_Payment_Services) |
| EBA | Dec 2014 | [EBA Guidelines on Security of Internet Payments](#_EBA_Guidelines_on) |
| ENISA | Dec 2009 | [ENISA National Exercise Good Practice Guide](#_ENISA_National_Exercises) |
| ENISA | Dec 2009 | [ENISA Good Practice Guide on Incident Reporting](#_ENISA_Good_Practice) |

## TABLE 3. Documents from Multilateral Institutions

| INSTITUTION | DATE  | NAME |
| --- | --- | --- |
| IIF | Aug-2018 | IIF Cloud Computing paper ([Part](#_IIF_Cloud_Computing) 1) |
| IIF | Apr 2018 | [IIF Staff Paper on Addressing Cybersecurity Regulatory Fragmentation](#_IIF_Staff_Paper) |
| Financial Stability Board | Oct 2017 | [FSB Stocktake](#_FSB_Stocktake_and) and [Summary Report on Financial Sector Cybersecurity Regulations, Guidance and Supervisory Practices](#_FSB_Stocktake_and) |
| G7 | Oct 2017 | [G-7 Follow-up guidance on Fundamental Elements for Effective Assessment of Cybersecurity in the Financial Sector](#_G-7_Follow-up_guidance) |
| Financial Stability Institute | Aug 2017 | [FSI Insights on policy implementation No 2: Regulatory approaches to enhance banks’ cyber-security frameworks](#_FSI_Insights:_Regulatory) |
| IMF | Aug 2017 | [IMF Working Paper - Cyber Risk, Market Failures, and Financial Stability](#_IMF_Working_Paper) |
| SWIFT | July/May/Apr 2017 | [SWIFT Customer Security Program](#_SWIFT_Customer_Security) |
| G7 | May 2017 | [G7 Fundamental elements for effective cybersecurity assessment](#_G7_Meeting_mandates) |
| American Institute of Certified Public Accountants (AICPA) | Apr 2017 | [AICPA SOC for Cybersecurity](#_AICPA_SOC_for) |
| Committee on Payments and Market Infrastructures (CPMI) | Feb 2017 | [CPMI Report – DLT in payment clearing and settlement](#_CPMI_report_on) |
| G7 | Oct 2016 | [G7 fundamental elements of cybersecurity in the financial sector](#_G7_Fundamental_Elements) |
| CPMI- International Organization of Securities Commissions (IOSCO) | Jun 2016 | [CPMI-IOSCO Guidance on cyber-security](#_CPMI-IOSCO_Guidance_on) |
| IOSCO | Apr 2016 | [Report on IOSCO’s Cyber Risk Coordination Efforts](#_Report_on_IOSCO’s) |
| International Organization for Standardization (ISO)/ International Electrotechnical Commission (IEC) | Feb 2016 | [ISO/IEC Standards on IT, Security Techniques, Information Security Management Systems](#_ISO/IEC_Standards_on) |
| World Bank Group | Sep 2011 | [World Bank Financial Infrastructure Series - General Principles for Credit Reporting](#_World_Bank_Financial) |
| Basel Committee on Banking Supervision | Jun 2011 | [BCBS Principles for the Sound Management of Operational Risk](#_BCBS_Principles_for) |
| AICPA | Apr 2010 | [AICPA suite of SOC & Implementation Guidance](#_AICPA_suite_of) |

# **INTRODUCTION**

This second edition of the Regulatory Digest on Financial Sector Cybersecurity compiled by the Vienna-based World Bank’s Financial Sector Advisory Center (FinSAC) includes twice as many entries as the first edition from October 2017. This substantial coverage was possible thanks to the FSB’s Stocktake and Summary Report on Financial Sector Cybersecurity Regulations, Guidance and Supervisory Practices, also published in October 2017. Additionally, the following new publications have appeared so far in 2018:

* The European Central Bank (ECB) released in May the TIBER-EU Framework: How to implement the European framework for Threat Intelligence-based Ethical Red Teaming and published in August Services Procurement Guidelines prescribing the use of specialist external threat intelligence (TI) and red team (RT) providers with the highest level of skills, expertise and experience.
* The Institute of International Finance (IIF) published in August the first part of its 3-part series on Cloud technology in the financial services industry. It examines the key opportunities and risks (and mitigants) of migrating to the cloud, as well as the business and operational risks that arise from not doing so.
* The UK government released in June a “Minimum Cyber Security Standard,” defining the measures that its Departments must implement to meet their National Cyber Security Strategy obligations.
* The Federal Financial Institutions Examination Council (FFIEC) members released a joint statement in April on cyber insurance and its potential role in risk management programs.
* This Institute of International Finance (IIF) published “Addressing regulatory fragmentation to support a cyber-resilient global financial services industry” in April. This staff paper evaluates the regulatory approaches around the world, identifies areas where regulatory fragmentation is occurring and discusses how a consistent and coordinated global regulatory landscape could be designed to help both reduce the current fragmentation and avoid creating new sources of it. The paper also advocates for the Financial Stability Board to play a predominant role in creating that regulatory landscape.
* The National Institute of Standards and Technology (NIST) released in April version 1.1 of its Framework for Improving Critical Infrastructure Cybersecurity, also known as the NIST Cybersecurity Framework. This often-referenced work refines, clarifies, and enhances version 1.0 issued in 2014, incorporating two drafts revised during 2017 and 2018. The NIST Small Business Cybersecurity Act also became law in August 2018.
* Switzerland's Federal Council published in April the second national cybersecurity strategy (NCS) covering 2018 to 2022. This strategy supports cooperation between public authorities, the private sector, and operators of critical infrastructure to ensure early identification of cyber threats, improve the resilience of critical infrastructure and minimize cyber risks.
* Singapore adopted a Cybersecurity Act establishing a legal framework for the oversight and maintenance of national cybersecurity. Its four key objectives are: 1) to strengthen the protection of Critical Information Infrastructure (CII) against cyber-attacks, 2) to authorize the Cyber Security Agency (CSA) to prevent and respond to threats and incidents, 3) to establish a framework for sharing cybersecurity information, and 4) to establish a light-touch licensing framework for providers of penetration testing and security operations center (SOC) monitoring services.
* The German Federal Financial Supervisory Authority (BaFin) published a more robust version of its supervisory requirements for IT in financial institutions (BAIT, released in November 2017), directed at the management boards of such companies.
* The European Banking Authority (EBA) published in January a final version of its Guidelines on ICT Risk Assessment. These set out the requirements that competent authorities should apply in their SREP assessment of risks to capital, governance and ICT strategy, and ICT risk exposures and controls.

# **DOCUMENTS**

# **(in reverse chronological order)**

## ECB TIBER-EU Framework & Services Procurement Guidelines: (Aug 2018 & May 2018)

In May, ECB released a single Europe-wide framework for controlled cyber hacking to test resilience of financial market entities called "[TIBER-EU FRAMEWORK](https://www.ecb.europa.eu/pub/pdf/other/ecb.tiber_eu_framework.en.pdf): How to implement the European framework for Threat Intelligence-based Ethical Red Teaming". A related [Services Procurement Guideline](http://www.ecb.europa.eu/pub/pdf/other/ecb.1808tiber_eu_framework.en.pdf) followed in August.

"The TIBER-EU framework facilitates a harmonised European approach towards intelligence-led tests which mimic the tactics, techniques and procedures of real hackers who can be a genuine threat. TIBER-EU based tests simulate a cyber attack on an entity’s critical functions and underlying systems, such as its people, processes and technologies. This helps the entity to assess its protection, detection and response capabilities against potential cyber attacks...”

The Framework is “designed for national and European authorities and entities that form the core financial infrastructure, including entities with cross-border activities which fall within the regulatory remit of several authorities. The framework can be used for any type of financial sector entity, as well as entities in other sectors.

It is up to the relevant authorities and the entities themselves to determine if and when TIBER-EU based tests are performed. Tests will be tailor-made and will not result in a pass or fail – rather they will provide the tested entity with insight into its strengths and weaknesses, and enable it to learn and evolve to a higher level of cyber maturity."

Given the risks to such tests, the ECB further published Services Procurement Guidelines: “To ensure a controlled and safe test, one prescribed control is the use of specialist external threat intelligence (TI) and red team (RT) providers, which have the highest level of skills and expertise, and have the requisite experience in threat intelligence and red team testing in the financial services industry...”

The Guidelines “set out the requirements and standards that must be met by TI and RT providers to deliver recognised TIBER-EU tests; offer guiding principles and selection criteria for entities, as they look to procure services from prospective providers; and provide questions and agreement checklists that could be used when entities undertake their due diligence and look to formalise the procurement process with the TI/RT providers.”

## IIF Cloud Computing paper (Part 1) (Aug 2018)

The Institute of International Finance (IIF) published the [first](https://www.iif.com/publication/regulatory-comment-letter/iif-cloud-computing-paper-part-1) part of its 3-part series on Cloud technology in the financial services industry. “This paper examines the key opportunities and risks (and mitigants) of migrating to cloud, as well as simultaneously looking at the business and operational risks that arise for firms with not moving to cloud. Given these business drivers, it observes that as financial institutions are defining their strategy on cloud, the decisions are increasingly more in the order of “how,” rather than merely in whether to pursue cloud.

The subsequent parts in this series will explore some of the hurdles (both regulatory and non-regulatory in nature) to cloud adoption, with recommendations for how these can be addressed, as well as analysis of the role of Cloud Services Providers (CSPs) for the sector, including issues such as concentration risk and critical dependency.”

## NIST Small Business Cybersecurity Act (Aug 2018)

The National Institute of Standards and Technology (NIST) Small Business Cybersecurity [Act](https://www.gpo.gov/fdsys/pkg/BILLS-115s770enr/pdf/BILLS-115s770enr.pdf) introduced March 2017 became law in August 2018. The Act will be “… require the Director of the National Institute of Standards and Technology to disseminate guidance to help reduce small business cybersecurity risks …”

## UK Minimum Cyber Security Standard (Jun 2018)

The UK government released a “[UK Minimum Cyber Security Standard](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/719067/25062018_Minimum_Cyber_Security_Standard_gov.uk__3_.pdf)”, which “defines the minimum security measures that Departments shallimplement with regards to protecting their information, technology and digital services to meet their [Security Policy Framework] and National Cyber Security Strategy obligations.”

The Standard includes ten requirements of all Departments (including “organisations, agencies, Arm’s Length Bodies and contractors”), split into five areas:

“IDENTIFY

1. Departments shall put in place appropriate cyber security governance processes.
2. Departments shall identify and catalogue sensitive information they hold.
3. Departments shall identify and catalogue the key operational services they provide.
4. The need for users to access sensitive information or key operational services shall be understood and continually managed.

PROTECT

1. Access to sensitive information and key operational services shall only be provided to identified, authenticated and authorised users or systems.
2. Systems which handle sensitive information or key operational services shall be protected from exploitation of known vulnerabilities.
3. Highly privileged accounts should not be vulnerable to common cyber-attacks.

DETECT

8. Departments shall take steps to detect common cyber-attacks.

RESPOND

9. Departments shall have a defined, planned and tested response to cyber security incidents that impact sensitive information or key operational services.

RECOVER

10. Departments shall have well defined and tested processes in place to ensure the continuity of key operational services in the event of failure or compromise.”

As the first technical standard (which will be incorporated into the Government Functional Standard for Security once published), the Minimum Cyber-security Standard references the National Cyber Security Strategy (See [coverage](#_UK_National_Cyber) in Digest.)and the [HMG Security Policy Framework (SPF)](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/710816/HMG-Security-Policy-Framework-v1.1.doc.pdf). The SPF, published in final version in May 2018, provides the mandatory protective security outcomes that all Departments are required to achieve in the following areas: Good Governance; Culture and Awareness; Risk Management; Information; Technology and Services; Personnel Security; Physical Security; Preparing for and Responding to Security Incidents. It details the Policy Priorities in three areas: Information Security; Physical Security; and Personnel Security and National Security Vetting. Further, it notes:

“HMG organisations will consult the full range of policy, advice and guidance provided by the Cabinet Office, Centre for the Protection of National Infrastructure, National Cyber Security Centre, and other sources of good practice to shape their business specific approaches, mindful that:

* Government organisations know their own business best, including how local risks should be managed to support operations and services.
* Permanent Secretaries/Heads of Department are accountable to Parliament for the security of their organisations.
* An annual reporting process (the Security Risk Management Overview) will ensure compliance and an appropriate level of commonality across government.”

## Canada’s updated Cyber Security Strategy (Jun 2018)

Canada’s new [National Cyber Security Strategy](https://www.publicsafety.gc.ca/cnt/rsrcs/pblctns/ntnl-cbr-scrt-strtg/ntnl-cbr-scrt-strtg-en.pdf), published in June 2018, replaced the 2010 Strategy. Renewing its commitment to strong cyber security, it recognizes “evolving threats, emerging opportunities, and the need for collaborative action” in three thematic areas:

* “Security and Resilience: Through collaborative action with partners and enhanced cyber security capabilities, we will better protect Canadians from cybercrime, respond to evolving threats, and defend critical government and private sector systems.
* Cyber Innovation: By supporting advanced research, fostering digital innovation, and developing cyber skills and knowledge, the federal government will position Canada as a global leader in cyber security.
* Leadership and Collaboration: The federal government, in close collaboration with provinces, territories, and the private sector, will take a leadership role to advance cyber security in Canada and will, in coordination with allies, work to shape the international cyber security environment in Canada’s favour.”

The update comes after an online public consultation which was undertaken by the Government in 2016, with a [report](https://www.publicsafety.gc.ca/cnt/rsrcs/pblctns/2017-cybr-rvw-cnslttns-rprt/2017-cybr-rvw-cnslttns-rprt-en.pdf) published in January 2017. “… three ideas were consistently raised as being important and relevant to cyber security in Canada: privacy, collaboration, and using skilled cyber security personnel. Across the full range of consultation topics, participants stressed the need to uphold all Canadians’ privacy rights, the need for stakeholders to collaborate with one another (i.e., governments, private sector, law enforcement, academia, non-profit organizations), and the need to rely on cyber security experts. In addition to these three ideas that permeated the results, the Government of Canada cyber security consultation yielded recommendations on specific areas for action, needs and means, and barriers and constraints…” There was also an [Action Plan](https://www.publicsafety.gc.ca/cnt/rsrcs/pblctns/ctn-pln-cbr-scrt/ctn-pln-cbr-scrt-eng.pdf) covering the years 2010-2015 stemming from the Strategy. (FSB-STi)

## FFIEC Joint Statement - Cyber Insurance and Its Potential Role in Risk Management Programs (Apr 2018)

The Federal Financial Institutions Examination Council (FFIEC) members released a [statement](https://www.ffiec.gov/press/pdf/FFIEC%20Joint%20Statement%20Cyber%20Insurance%20FINAL.pdf) “to provide awareness of the potential role of cyber insurance in financial institutions’ risk management programs”. It states that “while cyber insurance may be an effective tool for mitigating financial risk associated with cyber incidents, it is not required by the agencies. Purchasing cyber insurance does not remove the need for a sound control environment.”

The statement suggests items to consider in the following areas while assessing cyber insurance benefits: 1) Involving multiple stakeholders in the cyber insurance decision; 2) Performing proper due diligence to understand available cyber insurance coverage; and 3) Evaluating cyber insurance in the annual insurance review and budgeting process.

## IIF Staff Paper on Addressing Cybersecurity Regulatory Fragmentation (Apr 2018)

This Institute of International Finance (IIF) staff [paper](https://www.iif.com/publication/regulatory-comment-letter/iif-staff-paper-addressing-cybersecurity-regulatory) “Addressing regulatory fragmentation to support a cyber-resilient global financial services industry” evaluates the regulatory approaches in the cyber arena that are being introduced around the world, identifies areas where regulatory fragmentation is occurring and discusses how a consistent and coordinated global regulatory landscape could be designed to help both reduce the current fragmentation and avoids creating new sources of it.

The paper also advocates for the Financial Stability Board “to play a predominant role in creating that regulatory landscape, which should ideally be built around a principles-based and risk-based global framework that would provide a common approach for all the cyber-related areas where public and private incentives are aligned. In the cases where incentives are not fully aligned, further regulations might be needed, but in that case, they should be developed in coherence with the framework and in accordance with leading practices that avoid creating fragmentation.”

## NIST Framework for Improving Critical Infrastructure Cybersecurity Version 1.1 (Apr 2018)

The National Institute of Standards and Technology (NIST) released the final [Version 1.1](https://nvlpubs.nist.gov/nistpubs/CSWP/NIST.CSWP.04162018.pdf) of its “Framework for Improving Critical Infrastructure Cybersecurity” also known as the NIST Cybersecurity Framework. This often-referenced work refines, clarifies, and enhances Version 1.0, which was issued in February 2014 and incorporates two drafts revised during 2017 and 2018.

The Framework is intended to be implemented by first-time and current Framework users, with explicit objective to be compatible to Version 1.0 “with minimal or no disruption”. It makes the following updates: “Clarified that terms like compliance can be confusing and mean something very different to various Framework stakeholders; A new section on self-assessment; Greatly expanded explanation of using Framework for Cyber Supply Chain Risk Management purposes; Refinements to better account for authentication, authorization, and identity proofing; Better explanation of the relationship between Implementation Tiers and Profiles; and Consideration of Coordinated Vulnerability Disclosure.”

## Swiss national strategy for protection against cyber risks (Apr 2018)

In April 2018, the second [national strategy for protection of Switzerland against cyber risks](https://www.isb.admin.ch/dam/isb/en/dokumente/ikt-vorgaben/strategien/ncs/Nationale_Strategie_Schutz_Schweiz_vor_Cyber-Risiken_NCS_2018-22_EN.pdf.download.pdf/Nationale_Strategie_Schutz_Schweiz_vor_Cyber-Risiken_NCS_2018-22_EN.pdf) (NCS) was published by the Federal Council covering 2018 to 2022. “It builds on the [first NCS](https://www.isb.admin.ch/dam/isb/en/dokumente/ikt-vorgaben/strategien/ncs/Strategie%20zum%20Schutz%20der%20Schweiz%20vor%20Cyber-Risiken.pdf.download.pdf/Strategie_zum_Schutz_der_Schweiz_vor_Cyber-Risiken_k-ENGL.pdf) implemented from 2012 to 2017; further develops it in line with Switzerland's vulnerabilities, the significantly changed and intensified threat situation since 2012, and the foreseeable future development thereof; and it supplements it with further measures. It thus provides the strategic framework for improving prevention, early identification, response, and resilience in all areas relevant to cyber risks.”

The strategic goals of the NCS is to support cooperation between public authorities, the private sector and operators of critical infrastructure in order to ensure early identification of cyber threats, improve the resilience of critical infrastructure and minimize cyber risks. (FSB-STi)

## Singapore Cybersecurity Act (Mar 2018)

[Cyber Security Agency](https://www.csa.gov.sg/legislation/cybersecurity-act) (CSA) of Singapore announced passing of the Government's Cybersecurity [Act](https://sso.agc.gov.sg/Acts-Supp/9-2018/Published/20180312?DocDate=20180312), which "establishes a legal framework for the oversight and maintenance of national cybersecurity in Singapore.

Its four key objectives are to:

1. Strengthen the protection of Critical Information Infrastructure (CII) against cyber-attacks… The Act provides a framework for the designation of CII, and provides CII owners with clarity on their obligations to proactively protect the CII from cyber-attacks… The CII sectors are: Energy, Water, Banking and Finance**,** Healthcare, Transport (which includes Land, Maritime, and Aviation), Infocomm, Media, Security and Emergency Services, and Government.

2. Authorise CSA to prevent and respond to cybersecurity threats and incidents. The Act empowers the Commissioner of Cybersecurity to investigate cybersecurity threats and incidents to determine their impact and prevent further harm or cybersecurity incidents from arising. The powers that may be exercised are calibrated according to the severity of the cybersecurity threat or incident and measures required for response. This assures Singaporeans that the Government can respond effectively to cybersecurity threats and keep Singapore and Singaporeans safe.

3. Establish a framework for sharing cybersecurity information. The Act also facilitates information sharing, which is critical as timely information helps the government and owners of computer systems identify vulnerabilities and prevent cyber incidents more effectively. The Act provides a framework for CSA to request information, and for the protection and sharing of such information.

4. Establish a light-touch licensing framework for cybersecurity service providers. CSA adopts a light-touch approach to license only two types of service providers currently, namely penetration testing and managed security operations centre (SOC) monitoring. These two services are prioritised because providers of such services have access to sensitive information from their clients. They are also relatively mainstream in our market and hence have a significant impact on the overall security landscape. The licensing framework seeks to strike a balance between security needs and the development of a vibrant cybersecurity ecosystem…

Part 1 introduces the fundamental concepts used in the Act and provides for the application of the Act.

Part 2 provides for the administration of the Act and the appointment of a Commissioner of Cybersecurity (Commissioner) and other officers for the purposes of the Act.

Part 3 provides for the designation of CII and the regulation of owners of CII with regard to the cybersecurity of the CII.

Part 4 provides for the taking of measures to prevent, manage and respond to cybersecurity threats and incidents in Singapore.

Part 5 provides for the licensing of providers of licensable cybersecurity services.

Part 6 contains general provisions."

## BaFin specifies BAIT (Feb 2018)

The German Federal Financial Supervisory Authority (BaFin) published a more robust version of its supervisory requirements for IT in financial institutions (BAIT, released in November 2017; see [coverage](#_BaFin_Banking_Supervisory) in Digest), setting up its requirements in a ‘modular’ [format](https://www.bafin.de/SharedDocs/Veroeffentlichungen/EN/Fachartikel/2018/fa_bj_1801_BAIT_en.html). It explains: “The BAIT have now become the cornerstone of IT supervision for all credit and financial services institutions in Germany. The requirements are directed at the management boards of such companies.

The objective of the BAIT is to create a comprehensible and flexible framework for the management of IT resources, information risk and information security. They also aim to contribute towards increasing awareness of IT risks throughout the institutions and in relation to external service providers. Furthermore, they provide transparency about what banking supervisors expect from the institutions with regard to the management and monitoring of IT operations, including the user access management that this necessitates as well as requirements for IT project management and application development. Overall, the BAIT address those subject areas which BaFin has identified as particularly important based on its experience of IT inspections."

## EBA Final Report – Guidelines on ICT Risk Assessment under the Supervisory Review and Evaluation Process (SREP) (Jan 2018)

European Banking Authority (EBA)’s [Final Report](https://www.eba.europa.eu/documents/10180/1841624/Final%2BGuidelines%2Bon%2BICT%2BRisk%2BAssessment%2Bunder%2BSREP%2B%28EBA-GL-2017-05%29.pdf/ef88884a-2f04-48a1-8208-3b8c85b2f69a) of the Guidelines, published in May 2017 (see [coverage](#_EBA_ICT_risk) in the Digest), went into application from 1January 2018. Authorities indicated compliance by 13 November 2017 ([compliance table](https://www.eba.europa.eu/documents/10180/1841624/EBA%2BGL%2B2017%2B05-CT%2BGLs%2Bon%2BICT%2BRisk%2BAssessment%2Bunder%2Bthe%2BSupervisory%2BReview.pdf/7393d5f8-2ed0-4eab-a111-7dff8c119fed)).

“These Guidelines set out the requirements competent authorities should apply in their assessment of ICT focusing on the general provisions and application of scoring as part of the SREP assessment of risks to capital (Title 1), assessment of institutions’ governance and strategy on ICT (Title 2); and assessment of institutions’ ICT risk exposures and controls (Title 3).

In particular, Title 1 of these Guidelines explains how the assessment of ICT risk contributes to the overall SREP assessment of an institution, noting that the assessment of ICT risk would contribute (1) to the assessment of operational risk, which is assessed as part of the assessment of risks to capital (Title 6 of the EBA SREP Guidelines), (2) the assessment of institutions’ governance and strategy on ICT would feed into the assessment of internal governance and institution-wide controls under Title 5 of the EBA SREP Guidelines, and (3) the assessment of all aspects of ICT covered by these Guidelines would also inform the business model analysis performed in accordance with Title 4 of the EBA SREP Guidelines…”

## ECB (SSM) Cyber Incident Reporting Framework (2017)

The European Central Bank (ECB) is [finalizing](https://www.bankingsupervision.europa.eu/press/publications/newsletter/2017/html/ssm.nl170517_3.en.html) a reporting framework for significant cyber incidents which was piloted in 2016, with plans to be rolled out to all significant institutions from the 19 euro area countries in the third quarter of 2017. “The reporting framework for significant cyber incidents is designed to collect and store information on cybercrime incidents that have an impact on significant institutions. This will require incidents to be reported as soon as the banks detect them. The information will be used to identify and monitor trends in cyber incidents affecting significant institutions and will facilitate a fast reaction by the ECB in the event that a major incident affects one or more significant banks…” A pilot exercise has resulted in improvements to the framework including incident definitions, the reporting template, and the reporting instructions.

## BaFin Banking Supervisory requirement for IT of banks (Nov 2017)

The German Federal Financial Supervisory Authority (BaFin) published [circular](https://www.bafin.de/SharedDocs/Downloads/EN/Rundschreiben/dl_rs_1710_ba_BAIT_en.pdf?__blob=publicationFile&v=3) 10/2017, laying out a principles-based guidance for banking institutions, Bankaufsichtliche Anforderungen an die Its (BAIT). The Circular is based on the German Banking Act and the Minimum Requirement for Risk Management, which deals with banks’ operational risk.

“This Circular provides a flexible and practical framework for institutions’ technical and organisational resources on the basis of section 25a (1) of the German Banking Act (Kreditwesengesetz) – in particular for IT resource management and IT risk management. Moreover, it specifies the requirements laid down in section 25b of the Banking Act (outsourcing of activities and processes)… This is without prejudice to the requirements contained in the Minimum Requirements for Risk Management (Mindestanforderungen an das Risikomanagement – MaRisk), which are fleshed out in this Circular.”

## DNB TIBER-NL Guidance 2.0 (Nov 2017)

De Nederlandsche Bank (the Dutch Central Bank/DNB) published its [guidance](https://www.dnb.nl/en/binaries/TIBER-NL%20Guide%20Second%20Test%20Round%20final_tcm47-365455.pdf?2018072022) on how to conduct a Threat Intelligence-based Ethical Red teaming: the TIBER-NL test. The DNB was charged by the Dutch Financial Stability Committee to lead the implementation of the TIBER-NL framework, a joint effort of all Dutch Financial Core Infrastructure (FCI) institutions, which officially started on 30 June 2016.

“TIBER tests mimic potential attacks from real threat actors. The test mimics high level threat groups only (organised crime groups / state proxy/ nation state attackers) and thereby tests whether defensive measures taken are effective (capability assessment), supplementing the present periodic information security audits (process assessments) by e.g. supervisors and overseers. The tests also supplement current penetration tests and vulnerability scans executed within FCI parties. Test scenarios will draw on current commercially obtained threat intelligence that will where possible be enriched and reviewed with Governmental Intelligence (GI). This testing method aims to determine, and importantly serves to improve the capabilities of targeted institutions. The TIBER-NL framework is intended to improve their cyber resilience and ultimately, the cyber resilience of the FCI as a whole. TIBER-NL testing will be a recurrent exercise.

A TIBER test can therefore be defined as: the highest possible level of intelligence-based red teaming exercise using the same Tactics, Techniques and Procedures (TTPs) as real adversaries, against live critical production infrastructure, without the foreknowledge of the organisation’s defending Blue Team (BT). As such, the BT is unaware of the TIBER- NL test. The actual test consists of time boxed phases (recon, in, through, out). As a consequence existing controls, prevention measures, and security detection and response

capabilities against advanced attacks can be tested throughout all phases of the attack. It also helps identify weaknesses, errors or other security issues in a controlled manner.

The test phase is followed by full disclosure and a replay (that may include purple teaming) between the Red Team and the Blue Team to identify gaps, address findings and improve the response capability. During the test a White Team consisting of only the smallest necessary number of the FI’s security and business experts will monitor the test and intervene when needed, e.g. when the test seems to lead to critical impact (during a test, business impact is allowed to a level agreed on beforehand, critical impact is not). The White Team will be in close contact with the TIBER-NL Test Manager from DNB’s TIBER-NL Cyber Sector Team (TCST), who convoys the TIBER-NL test process.

This guide has been developed by the TCST from the Dutch Central Bank in close cooperation with all institutions from the Dutch FCI. It is meant to serve these TIBER-NL participants and their cyber security service providers. It explains the key phases, activities, deliverables and interactions involved in a TIBER-NL test.”

## SFC Guidelines for Reducing and Mitigating Hacking Risks Associated with Internet Trading (Oct 2017)

The Hong Kong Securities and Futures Commission (SFC), after a period of [consultation](https://www.sfc.hk/edistributionWeb/gateway/EN/consultation/intermediaries-supervision/openFile?refNo=17CP4), published a [Guideline](https://www.sfc.hk/web/EN/assets/components/codes/files-current/web/guidelines/guidelines-for-reducing-and-mitigating-hacking-risks-associated-with-internet-trading/guidelines-for-reducing-and-mitigating-hacking-risks-associated-with-internet-trading.pdf) for Licensed Companies setting out the baseline requirements to reduce or mitigate hacking risks associated with internet trading.

The guideline is organized in three parts:

* Protection of clients’ internet trading accounts (two-factor authentication; implementing a surveillance system; prompt notification to customers; data encryption; stringent password and session time-out policies);
* Infrastructure security management (network segmentation; user access management; remote access security; patch management; end-point protection; prevention of unauthorized installations; physical security; system and data backups; contingency planning for cybersecurity scenarios; and third party service providers); and
* Cybersecurity management and supervision (Roles and responsibilities of cybersecurity management; incident reporting; training for internal users; and alert and reminder to clients).

Compliance with the Guidelines is required from 27 July 2018 (except for two-factor authentication, to be effective in April 2018). (FSB-ST[[1]](#endnote-2))

## FSB Stocktake and Summary Report on Financial Sector Cybersecurity Regulations, Guidance and Supervisory Practices (Oct 2017)

The Financial Stability Board (FSB), as tasked by the G20 meeting in Baden-Baden (March 2017), published the results of a [Stocktake](http://www.fsb.org/wp-content/uploads/P131017-2.pdf) and [Summary Report](http://www.fsb.org/wp-content/uploads/P131017-1.pdf) on cybersecurity regulations, guidance and supervisory practices (publicly issued) at the meeting of the G20 Finance Ministers and Central Bank Governors in Washington DC.

“The reports are informed by the responses of [all 25] FSB member jurisdictions and [nine] international bodies to a survey conducted by the FSB. The summary report also sets out key themes raised in an FSB workshop in September that brought together public and private sector participants to discuss cybersecurity in the financial sector.

FSB member jurisdictions have been active in addressing cybersecurity, with all member jurisdictions having released regulations or guidance that address cybersecurity for the financial sector. Findings of the FSB stocktake include:

* All FSB member jurisdictions report drawing upon a small body of previously developed national or international guidance or standards when developing their own regulatory or supervisory schemes for the financial sector.
* Two thirds of reported regulatory schemes take a targeted approach to cybersecurity and/or information technology risk and one-third address operational risk generally.
* Some elements commonly covered by regulatory schemes targeted to cybersecurity include risk assessment, regulatory reporting, role of the board, third-party interconnections, system access controls, incident recovery, testing and training.
* Jurisdictions remain active in further developing their regulation and guidance. Seventy-two per cent of jurisdictions report plans to issue new regulations, guidance or supervisory practices that address cybersecurity for the financial sector within the next year.
* International bodies also have been active in addressing cybersecurity for the financial sector. There are a number of similarities across the international guidance issued by different sectoral standard-setting bodies and other international organisations. Many of the same topics are addressed, including governance, risk analysis and assessment, information security, expertise and training, incident response and recovery, communications and information sharing, and oversight of interconnections.

Private sector participants at the workshop emphasised that effective cybersecurity requires a strategic, forward-looking, fluid and proactive approach and noted the importance of integrating security with business operations, as well as the importance of governance and communication with a firm’s board. They expressed support for principles-based, risk-based and proportional regulation, and also stressed the importance of a globally consistent approach that avoids multiple, potentially conflicting regulatory schemes.”

*The FSB Stocktake document includes summaries of the FSB Cybersecurity Survey responses, providing a concise reference for these 25 jurisdictions. This valuable resource has enriched the current update of the Digest in its mirrored effort to collect cybersecurity regulation and guidance for the financial sector. The documents owing their coverage in the Digest to the FSB Cybersecurity Survey will be cited with the notation “FSB-ST”.*

## G-7 Follow-up guidance on Fundamental Elements for Effective Assessment of Cybersecurity in the Financial Sector (Oct 2017)

Building upon prior year’s guidance of the same title (see [coverage](#_G7_Fundamental_Elements) in the Digest), the finance ministers and central bank governors of the G-7 countries (Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States) released a follow-up [guidance](http://www.mef.gov.it/inevidenza/documenti/PRA_BCV_4728453_v_1_G7_Fundamental.pdf).

Described as “nonbinding, high-level building blocks that provide the foundation for private and public entities, as they develop their approach to cybersecurity, supported by their risk management and culture”, the document specifically provides:

1. Five “desirable outcomes” based on the G7 Fundamental Elements, “encouraging entities to continue developing their cybersecurity, and providing further characteristics to assess the effectiveness of cybersecurity capabilities (the ‘what’)”. They are:
2. The Fundamental Elements (G7FE) are in place.
3. Cybersecurity influences organizational decision-making.
4. There is an understanding that disruption will occur.
5. An adaptive cybersecurity approach is adopted.
6. There is a culture that drives secure behaviors.
7. Five “assessment components” which assessors can use to develop their approach to assessing progress as entities build and enhance their cybersecurity. “Together, they help the assessment by describing the effectiveness of cybersecurity assessments (the ‘how’).” They are:
8. Establish clear assessment objectives.
9. Set and communicate methodology and expectations.
10. Maintain a diverse toolkit and process for tool selection.
11. Report clear findings and concrete remedial actions.
12. Ensure assessments are reliable and fair.

## EC Legislative proposal on a Framework for Free Flow of Non-Personal Data in the EU (Sep 2017)

Pursuing the objectives set out in the European Commission’s Digital Single Market Strategy, “the [proposal](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52017PC0495&from=EN) aims to address the following issues:

* Improving the mobility of non-personal data across borders in the single market, which is limited today in many Member States by localisation restrictions or legal uncertainty in the market;
* Ensuring that the powers of competent authorities to request and receive access to data for regulatory control purposes, such as for inspection and audit, remain unaffected; and
* Making it easier for professional users of data storage or other processing services to switch service providers and to port data, while not creating an excessive burden on service providers or distorting the market.”

“This proposal focuses on provision of data hosting (storage) and other processing services, and is coherent with existing legal instruments. The initiative pursues the creation of an effective EU single market for such services. It is thus consistent with the E-commerce Directive which aims at a comprehensive and effective EU single market for the broader categories of information society services, and with the Services Directive which furthers the deepening of the EU single market for services in a number of sectors…”

## EC Legislative proposal on ENISA and cybersecurity certification framework (Sep 2017)

The European Commission published a [Proposal](https://eur-lex.europa.eu/resource.html?uri=cellar:1985b4b4-985e-11e7-b92d-01aa75ed71a1.0001.02/DOC_4&format=PDF) for “Regulation of the European Parliament and of the Council on ENISA, the "EU Cybersecurity Agency", and repealing Regulation (EU) 526/2013, and on Information and Communication Technology cybersecurity certification (''Cybersecurity Act'')”.

As summarized in the “[Communication on Resilience, Deterrence and Defence: Building strong cybersecurity for the EU](https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52017JC0450&from=EN)”, the proposal includes a permanent mandate of the European Union Agency for Network and Information Security (ENISA, whose current mandate is set to expire in June 2020) to be designated the “EU Cybersecurity Agency”, giving it a stronger and more central role.

The proposal delineates scope of mandate for ENISA in the following areas: EU policy development and implementation; capacity building (including contributing to the establishment of Information Sharing and Analysis Centres (ISACS) in various sectors); knowledge and information, awareness raising; research and innovation; operational cooperation and crisis management (including pan-European cybersecurity exercises (Cyber Europe – see [coverage](#_People_Republic_of) in Digest) to be run on an annual basis); the EU cybersecurity “Blueprint”; and Market related tasks (standardisation, cybersecurity certification).

The Communication summarizes the “Blueprint” as a document which is “to provide an effective process for an operational response at Union and Member State level to a large-scale cyber incident. The Blueprint presented in a Recommendation in this package explains how cybersecurity is mainstreamed to existing Crisis Management mechanisms at EU level and sets out the objectives and modes of cooperation between the Member States as well as between Member States and relevant EU Institutions, services, agencies and bodies when responding to large scale cybersecurity incidents and crises. The Recommendation also requests Member States and EU institutions to establish an EU Cybersecurity Crisis Response Framework to operationalise the Blueprint. The Blueprint will be regularly tested in cyber and other crisis management exercises and updated as necessary.”

The proposal includes a creation of a **EU certification framework** for ICT security products: “The Framework would lay down the procedure for the creation of EU-wide cybersecurity certification schemes, covering products, services and/or systems, which adapt the level of assurance to the use involved (be it critical infrastructures or consumer devices). It would bring clear benefits to businesses by avoiding the need to go through several certification processes when trading across borders, thereby limiting administrative and financial costs. The use of schemes developed under this Framework would also help build consumers' confidence, with a certificate of conformity to inform and reassure purchasers and users about the security properties of the products and services they buy and use. This would make high standards for cybersecurity a source of competitive advantage. The result would build increased resilience as ICT products and services would be formally evaluated against a defined set of cybersecurity standards, which could be developed in close connection with the broader ongoing work on ICT standards.

The Framework's schemes would be voluntary and would not create any immediate regulatory obligations on vendors or service providers. The schemes would not contradict any applicable legal requirements, such as the EU legislation on data protection.”

An EC [website](https://ec.europa.eu/info/law/better-regulation/initiatives/com-2017-477_en) for the proposal includes the relevant documents including the proposal, an annex, and related impact assessments.

## AU - Banking Executive Accountability & Related Measures Bill (Sep 2017)

Australian Treasury released a Banking Executive Accountability and Related Measures amendment [bill](https://static.treasury.gov.au/uploads/sites/1/2017/09/EXPOSURE-DRAFT.pdf) for [consultation.](https://treasury.gov.au/consultation/c2017-t222462/) The Banking Executive Accountability Regime (BEAR) was introduced earlier in the 2017-18 Budget announcement of the Treasury.

“This Bill amends the Banking Act 1959 to establish the Banking Executive Accountability Regime (BEAR). The BEAR is a strengthened responsibility and accountability framework for the most senior and influential directors and executives in authorized deposit-taking institutions (ADI) groups. It requires them to conduct themselves with honesty and integrity and to ensure the business activities for which they are responsible are carried out effectively.” The BEAR provisions are due to apply from 1 July 2018. Consultation period ended September 29.

## US NIST Cybersecurity Workforce Framework (Aug 2017)

The US National Institute of Standards and Technology (NIST)’s [National Initiative for Cybersecurity Education (NICE) Cybersecurity Workforce Framework](http://nvlpubs.nist.gov/nistpubs/SpecialPublications/NIST.SP.800-181.pdf) aims to provide organizations with a common vocabulary when describing the role, area of specialty, category of work, and the knowledge, skills, and abilities (KSA) of cybersecurity professionals.

## US SEC Cybersecurity Examination Initiative Risk Alert (Aug 2017)

The US Securities and Exchange Commission (SEC)’s Office of Compliance Inspections and Examinations (OCIE) published its [Risk Alert](https://www.sec.gov/files/observations-from-cybersecurity-examinations.pdf) on its findings from Cybersecurity Examinations (Cybersecurity 2 Initiative), as part of its Cybersecurity Examination Initiative announced in 2014 after its Cybersecurity Roundtable. This second round covered examinations conducted between September 2015 and June 2016 of 75 regulated entities (registered broker-dealers, investment advisers, and investment companies).

The newly published Risk Alert reported mixed progress of the regulated entities. It noted: The examinations focused on the firms’ written policies and procedures regarding cybersecurity, including validating and testing that such policies and procedures were implemented and followed. In addition, the staff sought to better understand how firms managed their cybersecurity preparedness by focusing on the following areas: (1) governance and risk assessment; (2) access rights and controls; (3) data loss prevention; (4) vendor management; (5) training; and (6) incident response.

The [Risk Alert](https://www.sec.gov/ocie/announcement/Cybersecurity-Risk-Alert--Appendix---4.15.14.pdf) announcing the OCIE Cybersecurity Initiative noted that the initiative is designed to assess cybersecurity preparedness in the securities industry and to obtain information about the industry’s recent experiences with certain types of cyber threats. As part of this initiative, OCIE will conduct examinations of more than 50 registered broker-dealers and registered investment advisers focused on the following: the entity’s cybersecurity governance, identification and assessment of cybersecurity risks, protection of networks and information, risks associated with remote customer access and funds transfer requests, risks associated with vendors and other third parties, detection of unauthorized activity, and experiences with certain cybersecurity threats.

## FSI Insights: Regulatory approaches to enhance banks’ cyber-security frameworks (Aug 2017)

In this [FSI Insights on policy implementation No 2](https://www.bis.org/fsi/publ/insights2.pdf), after a discussion on the question of “developing specific regulations for cyber-risk”, the authors introduce “existing key regulatory requirements relating to cyber-risk” and “supervisory frameworks and tools”, to then make their “observations about the implementation of cyber-risk regulations by the banking industry”, and finally closing with “some policy considerations”.

## IMF WP- Cyber Risk, Market Failures, and Financial Stability (Aug 2017)

The IMF published [Working Paper - Cyber Risk, Market Failures, and Financial Stability](https://www.imf.org/en/Publications/WP/Issues/2017/08/07/Cyber-Risk-Market-Failures-and-Financial-Stability-45104):

“This [paper](https://www.imf.org/en/Publications/WP/Issues/2017/08/07/Cyber-Risk-Market-Failures-and-Financial-Stability-45104) considers the properties of cyber risk, discusses why the private market can fail to provide the socially optimal level of cybersecurity, and explore how systemic cyber risk interacts with other financial stability risks. Furthermore, this study examines the current regulatory frameworks and supervisory approaches, and identifies information asymmetries and other inefficiencies that hamper the detection and management of systemic cyber risk. The paper concludes discussing policy measures that can increase the resilience of the financial system to systemic cyber risk.”

## SWIFT Customer Security Program (Jul/ May /April 2017)

As part of its roll out of the SWIFT Customer Security Programme (CSP) requirement announced in September 2016, SWIFT launched the [KYC Registry Security Attestation Application](https://www.swift.com/news-events/news/swift-opens-the-kyc-registry-security-attestation-application) (KYC-SA) – “a central application for users to self-attest their level of compliance with SWIFT’s Customer Security Controls Framework. The KYC-SA application also enables users to securely exchange their security status information with selected counterparties, supporting cyber risk management, transparency and business due diligence.”

In April and May, SWIFT issued its new mandatory [Customer Security Controls Framework](https://www.swift.com/myswift/customer-security-programme-csp/security-controls) and published further details of the related attestation policy and process as announced in September 2016 in the [SWIFT Customer Security Controls Policy](https://www.swift.com/news-events/news/swift-publishes-new-customer-security-controls-policy) document.

SWIFT’s *Customer Security Controls Framework* is presented via three objectives (*Secure your Environment*, *Know and Limit Access*, and *Detect and Respond*), eight principles within those objectives, and 27 (16 mandatory and 11 advisory) controls organized under those principles. These controls are intended to help customers to safeguard their local environments and reinforce the security of the global financial community.

Customers will be required to provide an annual self-attestation against the mandatory controls from Q2 2017, by December 31 2017. From January 2018, SWIFT will flag those users that have not submitted a self-attestation on time to their regulators. As from January 2019 onwards, SWIFT’s reporting right will also cover users that have failed to self-attest full compliance with all mandatory security controls in a timely manner or that connect through a non-compliant service provider. Thereafter, SWIFT will provide ongoing updates to local supervisory bodies.

Also in May, it launched the *SWIFT Information Sharing and Analysis Centre*, [SWIFT ISAC,](https://www.swift.com/news-events/news/swift-launches-the-swift-information-sharing-and-analysis-centre) global portal, a key part of its Customer Security Program to facilitate information sharing among its community. “...existing intelligence bulletins will now be stored in the SWIFT ISAC portal, in a readily readable and searchable format, aligned with standardised templates... This information includes malware details such as file hashes and YARA rules, Indicators of Compromise, as well as details on the Modus Operandi used by the cyber-criminals. The information, which is particularly relevant to SWIFT customers, can also be downloaded as PDF reports or as machine-readable files in OpenIOC format, an XML-based file format that is commonly used by the cyber-security industry.”

There had been multiple incidents involving fraudulent transfers through the SWIFT messaging system, although incidents stemmed from breaches within locally managed infrastructure at the customer level and not that of SWIFT’s own network or software.

Documents are available through customer login at [www.swift.com.](http://www.swift.com/)

## UK FCA Consultation - Individual Accountability Regime (Jul 2017)

The UK Financial Conduct Authority (FCA) commenced a consultation period for [CP17/25:](https://www.fca.org.uk/publication/consultation/cp17-25.pdf) Individual accountability - extending the Senior Managers and Certification Regime to all FCA firms. Consultation period will close in November 2017, and a Policy Statement is expected by Summer of 2018.

“The Senior Managers and Certification Regime (SM&CR) currently applies to deposit takers and, following the Bank of England and Financial Services Act 2016, is now being extended to FCA solo-regulated firms. It replaces the current Approved Persons Regime, changing how individuals working in financial services are regulated... This consultation paper sets out our proposed approach to the extension of the SM&CR as well as some minor proposals relating to the existing banking regime.”

## ENISA Cyber Europe 2016: After Action Report (Jun 2017)

European Union Agency for Network and Information Security (ENISA) published “Cyber Europe 2016: [After Action Report](https://www.enisa.europa.eu/publications/ce2016-after-action-report/at_download/fullReport) – Findings from a cyber crisis exercise in Europe”. Cyber Europe 2016 was the fourth pan-European cyber crisis exercise organised by ENISA. Over 1,000 participants working mostly in the ICT sector, from public and private organisations from all 28 Member States of the European Union and two from the European Free Trade Association (EFTA), joined in a programme of activities ranging from training sessions and communication checks to technical competitions and cooperation exercises.

[Cyber Europe](https://www.enisa.europa.eu/topics/cyber-exercises/cyber-europe-programme) was launched in 2010 by ENISA, as a bi-annual exercise. The 5th iteration “CE2018” will be focused on a scenario revolving around the Aviation industry. The 4th in 2016 revolved around IT, telecommunications and cybersecurity industries, while the prior exercises were not industry specific.

## Singapore Association of Banks’ Guidelines on control objectives and procedures for outsourced service providers (Jun 2017)

The Association of Banks in Singapore (ABS) published the version 1.1 of its “[Guidelines](https://abs.org.sg/docs/library/abs_outsource_guidelines.pdf) on control objectives and procedures for outsourced service providers” based on the MAS Guidelines on Outsourcing (issued on 27 July 2016) and industry feedback. In July 2015, it had first issued the earlier version 1.0 of the Issuance of initial Guidelines on control objectives and procedures for outsourced service providers”

“…the Association of Banks in Singapore (“ABS”) has established these Guidelines on Control Objectives and Procedures for the FIs’ Outsourced Service Providers (“OSPs”) operating in Singapore. These Guidelines form the minimum/baseline controls that OSPs which wish to service the FIs should have in place. However, FIs with specific needs should continue to liaise with their OSPs on a bilateral basis to impose any additional specific requirements...

By complying with the Guidelines, OSPs can assure the FIs that their controls are designed and operating effectively to meet the control objectives that are relevant in the provision of the outsourced services.

SCOPE: These Guidelines should be adopted by all OSPs in Singapore that undertake material outsourcing arrangements for FIs in Singapore.”

(See related [coverage](#_EU_Directive_on) in Digest)

## People Republic of China Cyber-Security Law (Jun 2017)

The [Cyber-security Law](http://www.lawinfochina.com/display.aspx?id=22826&lib=law) (unofficial English version) of the People’s Republic of China (PRC) took effect on 1 June 2017 (published November 2016 ([Official Chinese version](http://www.npc.gov.cn/npc/xinwen/2016-11/07/content_2001605.htm)[)](https://chinacopyrightandmedia.wordpress.com/2017/04/11/circular-of-the-state-internet-information-office-on-the-public-consultation-on-the-measures-for-the-assessment-of-personal-information-and-important-data-exit-security-draft-for-soliciting-opinions/)). The law applies to everyone who operates networks in the PRC and will affect multinational corporations. The Cyberspace Administration of China (CAC) has issued a series of regulations implementing the law. The public has been asked for comments on other proposed implementing rules, including measures affecting the transfer of personal data outside the PRC.

The Cybersecurity Law is developed for the purposes of guaranteeing cybersecurity, safeguarding cyberspace sovereignty, national security and public interest, protecting the lawful rights and interests of citizens, legal persons and other organizations, and promoting the sound development of economic and social informatization. “The Cybersecurity Law applies with respect to the to the construction, operation, maintenance and usage of networks and the supervision and management thereof. It provides, among other things, that the State formulates cybersecurity strategy and policy; adopts measures to monitor, defend against and deal with cybersecurity risks and attacks; actively launches international exchange and cooperation in the areas of cyberspace governance, research and development of network technologies, and attacking cybercrime.”

## SAMA Cyber Security Framework (May 2017)

Saudi Arabian Monetary Authority (SAMA) published a Cyber Security Framework [document](http://www.sama.gov.sa/en-US/Laws/BankingRules/SAMA%20Cyber%20Security%20Framework.pdf), applicable to all of the following institutions operating in Saudi Arabia: banks; Insurance and/or Reinsurance Companies; Financing Companies; Credit Bureaus; and The Financial Market Infrastructure.

"SAMA established a Cyber Security Framework (“the Framework”) to enable Financial Institutions regulated by SAMA (“the Member Organizations”) to effectively identify and address risks related to cyber security. To maintain the protection of information assets and online services, the Member Organizations must adopt the Framework.

The objective of the Framework is as follows: 1. To create a common approach for addressing cyber security within the Member Organizations. 2. To achieve an appropriate maturity level of cyber security controls within the Member Organizations. 3. To ensure cyber security risks are properly managed throughout the Member Organizations.

The Framework will be used to periodically assess the maturity level and evaluate the effectiveness of the cyber security controls at Member Organizations, and to compare these with other Member Organizations. The Framework is based on the SAMA requirements and industry cyber security standards, such as NIST, ISF, ISO, BASEL and PCI.

The Framework supersedes all previous issued SAMA circulars with regard to cyber security." (FSB-STi)

The framework is part of the initiatives of SAMA's cybersecurity strategy (unavailable).

## G7 - fundamental elements for effective cybersecurity assessment (May 2017)

The [G7 Communique](http://www.mof.go.jp/english/international_policy/convention/g7/g7_170513.htm) reflected the discussions on cyber-security at the G7 Meeting of Finance Ministers and Central Banks’ Governors in Bari, Italy May 12-13, 2017.

On top of highlighting the importance of developing “common and shared practices to help timely detection of vulnerabilities in the financial system” they raised the need for current assessment approaches to be “enhanced and be complemented by practices that are tailored to bolster cyber resilience, including regular cyber exercises and simulations as well as consideration of how to most effectively leverage penetration tests” in response to rapidly evolving nature of cyber risks.

Most importantly, the G7 Cyber Expert Group (G7 CEG) was mandated to develop a set of high level and non-binding fundamental elements for effective assessment of cybersecurity by October 2017.

They also specified the following areas for future further work:

“...task the G7 CEG to advance work on the third-party risks and the coordination with other critical sectors....

...encourage international coordination and knowledge sharing.

...explore other issues of interest related with cybersecurity as directed and prioritised by G7 Finance Ministers and Central Banks Governors.

...call on the International Organizations and governmental institutions in partnership with the private sector to enhance sharing of cybersecurity information. Definitions, collection methodologies and data sharing, when appropriate, should be coordinated and consistent across countries and sectors, so that results are comparable. Sharing national experiences and best practices among all stakeholders on optimal cybersecurity legislation or relevant regulatory initiatives would be highly beneficial.”

The communique also informed that the G7 is following the development of a cyber insurance market and the ongoing work by OECD, notably its report *Supporting an Effective Cyber Insurance Market*.

## EBA ICT risk guidelines (May 2017)

The EBA finalized its [Guidelines](https://www.eba.europa.eu/documents/10180/1841624/Final%2BGuidelines%2Bon%2BICT%2BRisk%2BAssessment%2Bunder%2BSREP%2B%28EBA-GL-2017-05%29.pdf/ef88884a-2f04-48a1-8208-3b8c85b2f69a) on ICT Risk Assessment under the Supervisory Review

and Evaluation process (SREP).

The EBA launched a consultation on its [draft Guidelines](http://www.eba.europa.eu/documents/10180/1608089/Consultation%2BPaper%2Bon%2BGuidelines%2Bon%2BICT%2BRisk%2BAssessment%2Bunder%2Bthe%2BSREP.pdf) on the assessment of information and communication technology (ICT) risk in the context of the supervisory review and evaluation process (SREP). These draft Guidelines are addressed to competent authorities and aim at promoting common procedures and methodologies for the assessment of ICT risk.

The requirements to assess ICT risks consist of:

* + ICT governance (risks at senior management level and management body level);
	+ ICT strategy and its alignment with an institution’s business strategy; and
	+ ICT risk exposures and controls.

These Guidelines build on existing references to ICT risk in the EBA SREP guidelines providing the scope and methodology for the assessment of ICT risk within an institution and are structured around three main parts:

* + setting the context and scope of the ensuing assessment;
	+ addressing what competent authorities should expect to see about management of ICT risks at senior management level and management body level, as well as the assessment of an institution’s ICT strategy and its alignment with the business strategy; and
	+ covering the assessment of the institution’s ICT risk exposures and the effectiveness of controls.

The assessment contained in these guidelines feeds into the EBA SREP methodology more generally, therefore, they should be read along with the EBA SREP Guidelines, which continue to remain applicable as appropriate. The appendix lists and provides examples of the different type of ICT risks.

## EU Report on influence of tech on future of financial sector (May 2017)

The EU Parliament’s Committee on Economic and Monetary Affairs (ECON) published a [Report](http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+REPORT+A8-2017-0176+0+DOC+XML+V0//EN) on the influence of technology on the future of the financial sector. The report calls on the EU Commission to develop an action plan to enable new and innovative technologies to develop in the framework of the Capital Markets Union and Digital Single Market.

The report outlines key priorities such as:

* + cyber-security and data protection;
	+ interoperability and passporting of fintech services within the EU;
	+ providing a level playing field for traditional companies and start-ups; and
	+ controlled experimentation with new technologies and fostering financial education and IT skills.

## FFIEC Cybersecurity Assessment Tool (May 2017)

The US Federal Financial Institutions Examination Council (FFIEC) members published an updated [Cybersecurity Assessment Tool](https://www.ffiec.gov/pdf/cybersecurity/FFIEC_CAT_May_2017.pdf) (CAT), originally released in 2015. The CAT remains “a voluntary tool that institution management may use to determine the institution’s inherent risk and cybersecurity preparedness.”

From its Overview: “The content of the Assessment is consistent with the principles of the FFIEC Information Technology Examination Handbook (IT Handbook) and the National Institute of Standards and Technology (NIST) Cybersecurity Framework, as well as industry accepted cybersecurity practices. The Assessment provides institutions with a repeatable and measurable process to inform management of their institution’s risks and cybersecurity preparedness.”

The Assessment consists of two parts: Inherent Risk Profile and Cybersecurity Maturity. The Inherent Risk Profile identifies the institution’s inherent risk before implementing controls. The Cybersecurity Maturity includes domains, assessment factors, components, and individual declarative statements across five maturity levels to identify specific controls and practices that are in place. While management can determine the institution’s maturity level in each domain, the Assessment is not designed to identify an overall cybersecurity maturity level.

To complete the Assessment, management first assesses the institution’s inherent risk profile based on five categories:

* + Technologies and Connection Types
	+ Delivery Channels
	+ Online/Mobile Products and Technology Services
	+ Organizational Characteristics
	+ External Threats

Management then evaluates the institution’s Cybersecurity Maturity level for each of five domains:

* Cyber Risk Management and Oversight
* Threat Intelligence and Collaboration
* Cybersecurity Controls
* External Dependency Management
* Cyber Incident Management and Resilience

FFIEC consists of the principals of the following: The Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, National Credit Union Administration, Office of the Comptroller of the Currency, Consumer Financial Protection Bureau, and State Liaison Committee.

## Report of India's Working Group for Setting up of a financial sector CERT (May 2017)

A working group, chaired by Indian computer emergency response team (CERT-In), set up for the formulation of a CERT in the financial sector (CERT-Fin), released a [report](https://dea.gov.in/sites/default/files/Press-CERT-Fin%20Report.pdf) with recommendations to India's Financial Stability & Development Council, chaired by the Minister of Finance. (FSB-STi)

## SARB Guidance to banks on cyber resilience (May 2017)

South African Reserve Bank (SARB) issued a Guidance [Note](https://www.resbank.co.za/Lists/News%20and%20Publications/Attachments/7803/G4%20of%202017.pdf) on the applicability of the CPMI-IOSCO Guidance on cyber resilience for FMIs to banks, controlling companies and branches of foreign institutions. It specified that "This office will in future, as part of its supervisory review and evaluation process, assess the adequacy of banks' policies, processes and practices related to cyber risk and cyber resilience, based on, among other things, the practices contained in the aforementioned CPMI-IOSCO guidance document... As such, banks are requested to assess the adequacy and robustness of their current policies, processes and practices against the CPMI-IOSCO cyber resilience guidance principles." (FSB-STi)

## Australia’s Cyber Security Strategy First Annual Update (Apr 2017)

[First Annual Update](https://cybersecuritystrategy.pmc.gov.au/cyber-security-strategy-first-annual-update-2017.pdf) for Australia’s four-year [Cyber Security Strategy](https://cybersecuritystrategy.pmc.gov.au/assets/img/PMC-Cyber-Strategy.pdf), published in April 2016 to cover up to 2020, reports on the status of “the Government’s promise of improving the security of Australia’s online environment, and enabling innovation, growth and prosperity.” It reports ‘strong progress’ against the 33 initiatives set out in 2016, and highlights the “momentum and established a platform for more direct, deeper and richer conversations between governments, business and the public.” (FSB-STi)

## ASX 100 Cyber Health Check Survey Report (Apr 2017)

The Australian Securities Exchange (ASX) 100 Cyber Health Check, a voluntary survey of the top100 listed companies in Australia (76 responded between November 2016 and January 2017), is “the first attempt to gauge how the boards of Australia’s largest listed companies view and manage their exposure to cyber risk. It is an industry-led initiative that forms part of the Australian Government’s Cyber Security Strategy…

The [report](https://www.asx.com.au/documents/investor-relations/ASX-100-Cyber-Health-Check-Report.pdf) demonstrates a high level of risk awareness at the top levels of corporate Australia and a commitment to take further action. The report also provides a framework for all Australian businesses to better evaluate their own effectiveness in addressing cyber risk and identifying opportunities to improve their cyber resilience.” (FSB-STi)

## IRDAI Guidelines on Information and Cyber Security for insurers (Apr 2017)

Insurance Regulatory and Development Authority of India (IRDAI) issued a Circular with a detailed control check list for the effective implementation of these [guidelines](https://www.irdai.gov.in/ADMINCMS/cms/frmGuidelines_Layout.aspx?page=PageNo3118&flag=1).

With various timelines until end of March 2018, the IRDAI requires the following: 1) Appointment/ designation a suitably qualified and experienced Senior Level Officer exclusively as Chief Information Security Officer (CISO) who will be responsible for articulating and enforcing the policies to protect their information assets and formation of Information Security Committee (ISC); 2) Preparation of Gap Analysis report; 3) Formulation of Cyber Crisis Management Plan; 4) Finalization of Board approved Information and Cyber Security Policy; 5) Formulation of Information and Cyber Security assurance programme (implementation plan / guidelines) in line with Board approved Information and Cyber security policy; and 6) Completion of first comprehensive Information and Cyber Security assurance audit. (FSB-STi)

## ESAs Report on main risks for the EU Financial System (Apr 2017)

The Joint Committee of the European Supervisory Authorities (ESAs: EBA, EIOPA, and ESMA) published its spring 2017 [Report](https://esas-joint-committee.europa.eu/Publications/Reports/Spring%20Joint%20Committee%20Risk%20Report%20%28JC%202017%2009%29.pdf) on risks and vulnerabilities in the European Union’s financial system.

The report focuses on continued challenges highlighted in the August 2016 report, but also highlights increasing challenges posed by rapid advances in information and communication technologies (ICT), including cyber-risks.

The Report highlights among others the rising operational risks related to information and communication technologies that are increasingly requiring supervisory attention.

The ESAs are responding to cyber-and IT-related risks by, e.g., drafting Guidelines on ICT risk assessment for supervisors, assessing cyber-security capabilities of central counterparties (CCPs) and assessing the potential accumulation of risk at insurers deriving from newly developed cyber-security coverages.

## AICPA SOC for Cybersecurity (Apr 2017)

The American Institute of Certified Public Accountants (AICPA) finalized the [guidance](http://www.aicpa.org/interestareas/frc/assuranceadvisoryservices/downloadabledocuments/soc-for-cybersecurity-backgrounder.pdf) for Systems and Organization Controls (SOC) for Cybersecurity.

“In recognition of the needs of management and boards of directors of diverse organizations, and for the benefit of the public interest, the American Institute of CPAs (AICPA) has developed a cybersecurity risk management reporting framework. Using it, organizations can communicate pertinent information regarding their cybersecurity risk-management efforts and educate stakeholders about the systems, processes and controls they have in place to detect, prevent and respond to breaches. The reporting framework also enables a CPA to examine and report on the management-prepared cybersecurity information, thereby increasing the confidence that stakeholders may place on an organization’s initiatives. other words, this provides clear guidance for CPAs to provide assurance on cybersecurity.”

“The AICPA determined that the entity reporting framework should be developed first.... The AICPA is in the process of revising the SOC 2 R guide for service organizations. Once that project has been completed, the AICPA will develop a new supply-chain/vendor-risk management guide to address the supply-chain level.”

## The International Strategy of Cooperation on Cyberspace of the People’s Republic of China (Mar 2017)

China released its first strategy on cyberspace cooperation regarding the virtual domain. [The International Strategy of Cooperation on Cyberspace](http://china.org.cn/chinese/catl/2017-03/07/content_40498343.htm) (unofficial English version) provides a comprehensive explanation of China's policy and position on cyber-related international affairs as well as the basic principles, strategic goals and plan of action in its external relations. It aims to guide China's participation in international exchange and cooperation in cyberspace, and encourage the international community to come together to enhance dialogue and cooperation and build a peaceful, secure, open, cooperative and orderly cyberspace and a multilateral, democratic and transparent global Internet governance system. (FSB-STi)

## NY cyber-security requirements for financial services companies (Mar 2017)

The new [Requirements](https://www.governor.ny.gov/sites/governor.ny.gov/files/atoms/files/Cybersecurity_Requirements_Financial_Services_23NYCRR500.pdf) on cyber-security from the New York Department of Financial Services (NY DFS) took effect on 1 March 2017.

The regulation requires banks, insurance companies, and other financial services institutions regulated by the NYDFS to establish and maintain a cyber-security program designed to protect customer information as well as the information technology systems of these regulated entities. The proposed requirements for regulated financial institutions include, among others:

* + Establishment of a cyber-security program;
	+ Adoption of a written cyber-security policy;
	+ Designation of a Chief Information Security Officer responsible for implementing, overseeing and enforcing the new program and its policy;
	+ Annual penetration testing and bi-annual vulnerability assessments of an entity’s information system;
	+ Maintenance of audit trails to detect and respond to Cyber-security events;
	+ Limitation and regular review of user access privileges;
	+ Encryption of Non-public information;
	+ Establishment of an incident response plan;
	+ Establishment of security policy for third party service provider.

This regulation requires each company to assess its specific risk profile and design a program that addresses its risks in a robust fashion. Senior management must take this issue seriously and be responsible for the organization’s cybersecurity program and file an annual certification confirming compliance with these regulations. A regulated entity’s cybersecurity program must ensure the safety and soundness of the institution and protect its customers.

The first certification will be due in February 2018.

## EU Commission Consultation on the impact of FinTech (Mar 2017)

The EU Commission (EC) launched a [Consultation](https://ec.europa.eu/info/sites/info/files/2017-fintech-consultation-document_en_0.pdf) on technology and its impact on the European financial services sector as part of its consumer financial services action plan. The consultation is structured along four policy objectives:

* + Fostering access to financial services for consumers and businesses;
	+ Bringing down operational costs and increasing efficiency for the industry;
	+ Making the single market more competitive by lowering barriers to entry; and
	+ Balancing greater data sharing and transparency with data security and protection needs.

The last of the four areas notes: “... important questions about personal data processing, data management policies, data standardization, data sharing, security and ability to access and supervise data from (licensed) providers of financial services should move to the forefront of the policy agenda for FinTech. Mismanagement in these important areas can cause loss of trust and disruption in the market that would require policy intervention.”

The consultation aims to gather information on the impact of innovative technology on the financial sector to aid the EC in developing its policy approach and to help assess whether the regulatory and supervisory framework promotes technological innovation.

Comments were accepted until 15 June 2017.

## BaFin Consultation on bank regulatory requirements for IT systems (Mar 2017)

The German Federal Financial Supervisory Authority (BaFin) published (in German language) a [Draft Circular](https://www.bafin.de/SharedDocs/Veroeffentlichungen/DE/Konsultation/2017/kon_0217_bankaufsichtliche_anforderungen_it_ba.html) “Banking Supervision Requirements for IT” (BAIT).

The draft specifies BaFin’s minimum requirements for risk management (MaRisk) with respect to the security of information technology. It highlights the IT security requirements imposed by BaFin and the Bundesbank on institutions.

Furthermore, the circular helps increase institutions’ awareness of IT risks, including the risks from third-party providers.

Comments were due by 5 May 2017.

(FSB-STi)

## UK Open Banking Initiative (Mar 2017)

The UK Competition and Markets Authority (CMA) announced on-schedule release of standardised data about UK banking products, branches and ATMs by the end of March, by the nine banking institutions mandated by the CMA. The CMA will require the biggest UK retail banks, to open access to transaction data by January 13, 2018, coinciding with the EU Payment Systems Directive 2.

In early 2016, the Open Banking Working Group (OBWG) established by the UK Treasury, published a manual, the [Open Banking Standard](https://www.paymentsforum.uk/sites/default/files/documents/Background%20Document%20No.%202%20-%20The%20Open%20Banking%20Standard%20-%20Full%20Report.pdf)[,](https://www.scribd.com/doc/298569302/The-Open-Banking-Standard) setting out a detailed framework of how Open Banking Standard could be designed and delivered, with a time table for achieving this. The Open Banking Initiative [website](https://www.openbanking.org.uk/about/the-initiative-open-banking/) explains that its “delivery is split between March 2017 and January 2018, with March 2017 being focused on Open Data, making available information on ATMs, Branches, Personal Current Accounts, Business Current Accounts (for SMEs) & SME Unsecured Lending and Commercial Credit Cards. January 2018 is aligned to the upcoming European Regulation (Payment Services Directive 2), where authorized third parties can be given consent by the account holder to access their Bank accounts to extract statement information and to initiate payments, without having to use the Banks Online services. It is envisaged that this capability will then lead to far reaching innovative services being created by new entrants and technology companies.”

The OBWG includes nine Banks mandated by the CMA (Allied Irish Bank, Bank of Ireland, Barclays, Danske, HSBC, Lloyds Banking Group, Nationwide, RBS Group, Santander), as well as Challenger Banks, Fintechs, Third Parties, Consumer Groups and other parties to define and develop the required Application Programmer Interfaces (APIs), security and messaging standards that underpin Open Banking.

## CPMI report - DLT in payment clearing/settlement (Feb 2017)

The BIS Committee on Payments and Market Infrastructures (CPMI) published a [Report](http://www.bis.org/cpmi/publ/d157.pdf) on distributed ledger technology (DLT) in payment clearing and settlement. Distributed ledgers, also known as *blockchains*, are ledgers of electronic transactions maintained by a shared network of participants and not by a centralised entity.

The report provides an analytical framework for central banks and other authorities to review and analyse the use of this technology for payment, clearing, and settlement. The objective of the framework is to help understand the uses of DLT and, in doing so, identify both the opportunities and challenges associated with this technology.

The framework presents the technology’s potential to provide operational efficiencies and to make financial markets more robust and resilient. Enhanced operational resilience and reliability are of particular interest to the authorities given the importance of protecting against cyberthreats. It also contains a set of questions that should be useful when looking at DLT arrangements.

It highlights that work is still needed to ensure that the legal underpinnings of DLT arrangements are sound, governance structures are robust, technology solutions meet industry needs, and that appropriate data controls are in place and satisfy regulatory requirements.

## US NIST draft updated Cybersecurity Framework (Jan 2017)

The US National Institute of Standards and Technology (NIST) issued in January 2017 a [draft update](https://www.nist.gov/cyberframework/draft-version-11) to the Framework for Improving Critical Infrastructure Cybersecurity—also known as the Cybersecurity Framework. Providing new details on managing cyber-supply chain risks, clarifying key terms, and introducing measurement methods for cyber-security. The updated framework aims to further develop NIST’s voluntary guidance to organizations on reducing cybersecurity risks.

The Cyber-Security Framework was published in February 2014 following a collaborative process involving industry, academia and government agencies, as directed by a presidential executive order. The original goal was to develop a voluntary framework to help organizations manage cybersecurity risk in the nation’s critical infrastructure, such as bridges and the electric power grid, but the framework has been widely adopted by many types of organizations across the country and around the world.

The 2017 draft, Version 1.1 incorporates feedback since the release of framework version 1.0, and integrates comments from the December 2015 Request for Information as well as comments from attendees at the Cyber-security Framework Workshop 2016.

(See [coverage](#_NIST_Framework_for) of final in Digest)

## Turkey National Cyber Security Strategy and Action Plan (2016, 2013)

Turkey published its [National Cyber Security Strategy for the period 2016-2019](http://www.udhb.gov.tr/doc/siberg/UlusalSibereng.pdf) in 2016. Two main objectives of the strategy are to strengthen the understanding of cyber security’s role as an integral part of national security for all stakeholders, and to acquire the competency that will allow taking administrative and technological precautions for maintaining the absolute security of all systems and stakeholders in national cyber space. Targets and sub actions are determined in the strategy, while ensuring and supervising their implementation. This is an updated version of the [National Cyber Security Strategy and Action Plan for 2013-14](https://www.enisa.europa.eu/topics/national-cyber-security-strategies/ncss-map/strategies/national-cybersecurity-strategy-and-2013-2014-action-plan/%40%40download_version/80d3c6040627431bafa406206471ad8a/file_en), published in 2013. The strategy for 2013-2014 defines cybersecurity risks and principles for maintenance of cybersecurity to be updated in a coordinated way at the national level, taking into account the requests from the public and private sector, and considering also the developing technology, changing conditions and needs. (FSB-STi)

## UK National Cyber Security Strategy 2016-2021 (2016)

Building on the achievements, objectives and judgements of the first five-year National Cyber Security Strategy issued in 2011, the UK government issued a new National Cyber Security Strategy [document](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/567242/national_cyber_security_strategy_2016.pdf), with the following goals:

"DEFEND: We have the means to defend the UK against evolving cyber threats, to respond effectively to incidents, to ensure UK networks, data and systems are protected and resilient. Citizens, businesses and the public sector have the knowledge and ability to defend themselves.

DETER: The UK will be a hard target for all forms of aggression in cyberspace. We detect, understand, investigate and disrupt hostile action taken against us, pursuing and prosecuting offenders. We have the means to take offensive action in cyberspace, should we choose to do so.

DEVELOP: We have an innovative, growing cyber security industry, underpinned by world leading scientific research and development. We have a self-sustaining pipeline of talent providing the skills to meet our national needs across the public and private sectors. Our cutting-edge analysis and expertise will enable the UK to meet and overcome future threats and challenges." (FSB-STi)

## UK CBEST Intelligence-Led Vulnerability Testing 2.0 (2016)

The Bank of England’s Sector Cyber-Team (SCT) published version 2.0 of its CBEST “framework for intelligence-led penetration testing of systemically critical organizations” for the CBEST engagement participants and service providers.

The CBEST framework was first launched in June 2014 by UK Financial Authorities, headed by the Bank of England at the recommendation of the Financial Policy Committee (FPC), which is “charged with taking action to remove or reduce systemic risks with a view to protecting and enhancing the resilience of the UK financial system.”

CBEST is a voluntary cyber vulnerability assessment program made available to core firms/FMIs of the UK financial system. The assessment operates within a framework and includes a set of Key Performance Indicators (KPIs) for 1) threat intelligence and 2) intrusion detection and incident response. Each include a section used by the BoE’s Sector Cyber Team assessing “the provider’s ability to deliver CBEST services in accordance with the framework agreement”, as well as a section conducted by the approved provider which is an assessment of “the client firm’s capability surrounding use of either cyber threat intelligence, intrusion detection, or incident response.” The completed KPIs, kept by the SCT, help inform the cybersecurity assessment for the tested firm and an industry understanding of the financial sector cybersecurity capability for the regulators as well as the UK Financial Policy Committee (FPC).

CBEST tests are “built around the key potential attackers for a particular firm and the attack types they would deploy,” making use of up-to-date threat intelligence direct from UK Government agencies and accredited commercial providers.

CBEST program has also brought forth new accreditation standards for threat intelligence providers and penetration testing providers, working with the Council for Registered Ethical Security Testers (CREST).

Its resource components include the following:

1. [Implementation Guide](https://www.bankofengland.co.uk/-/media/boe/files/financial-stability/financial-sector-continuity/cbest-implementation-guide.pdf)[,](http://www.bankofengland.co.uk/financialstability/fsc/Documents/cbestimplementationguide.pdf) which explains the key phases, activities, deliverables and interactions involved in a CBEST assessment;
2. [Services Assessment Guide](https://www.bankofengland.co.uk/-/media/boe/files/financial-stability/financial-sector-continuity/cbest-services-assessment-guide.pdf)[,](http://www.bankofengland.co.uk/financialstability/fsc/Documents/procuringpenetrationtestingservices.pdf) which provides background information, in the form of a set of assessment criteria, that CBEST participants can use as they assess prospective threat intelligence and penetration testing service providers approved by the Council for Registered Ethical Security Testers (CREST); and
3. [Understanding Cyber Threat Intelligence Operations](https://www.bankofengland.co.uk/-/media/boe/files/financial-stability/financial-sector-continuity/understanding-cyber-threat-intelligence-operations.pdf)[,](http://www.bankofengland.co.uk/financialstability/fsc/Documents/cbestthreatintelligenceframework.pdf) which defines best practice standards for the production and consumption of threat intelligence... intended to provide the CBEST programme with a foundation for defining and executing intelligence-led cyber threat vulnerability tests in conjunction with accredited providers of threat intelligence products and services. After establishing some important terminology, this document presents an overview of the process underpinning a best practice threat intelligence capability and the organisation, roles and skills required for running it. It then discusses maturity models relating to the production and consumption of threat intelligence.

## The National Cyberspace Security Strategy of the People’s Republic of China (Dec 2016)

The [National Cyberspace Security Strategy](https://www.easyaq.com/newsdetail/id/1642853648.shtml) (unofficial English version) of the People’s Republic of China is formulated to elaborate China’s major standpoints concerning cyberspace development and security, guide China’s cybersecurity work and safeguard the country’s interests in the sovereignty, security and development of cyberspace. The objective of the strategy is to promote peace, security, openness, cooperation and order in cyberspace.

The four principles of the strategy are:

* Respecting and protecting sovereignty in cyberspace
* Peaceful use of cyberspace
* Governing cyberspace according to the law
* Comprehensively manage cybersecurity and development

Details of nine strategic tasks are also included in the strategy. (FSB-STi)

## UK Gov Cyber-Security Regulation and Incentives Review (Dec 2016)

In December 2016, the UK Government published the [Cyber-Security Regulation and Incentives Review.](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/579442/Cyber_Security_Regulation_and_Incentives_Review.pdf) During the year, as part of the Government’s 1.9 billion pounds strategy to protect the UK in cyber-space, the Department for Digital, Culture, Media & Sport (DCMS) conducted a review to consider whether there is a need for additional regulation or incentives to boost cyber-risk management across the wider economy. The review was conducted in close consultation with a wide range of businesses, industry partners and stakeholders, and gathered evidence from a broad range of sources.

“The review shows that there is a strong justification for regulation to secure personal data, as there is a clear public interest in protecting citizens from crime and other harm... Government will therefore seek to improve cyber-risk management in the wider economy through its implementation of the forthcoming General Data Protection Regulation (GDPR). The breach reporting requirements and fines that can be issued under GDPR will represent a significant call to action. These will be supplemented by a number of measures to more clearly link data protection with cyber-security, including through closer working between the Information Commissioner’s Office and the new National Cyber-Security Centre.”

## HKMA Enhanced Competency Framework on Cybersecurity (Dec 2016)

Hong Kong Monetary Authority (HKMA) and the banking industry released a [Guide](https://www.hkma.gov.hk/media/eng/doc/key-information/guidelines-and-circular/2016/20161219e1.pdf) to Enhanced Competency Framework (ECF) on Cybersecurity for the banking sector. "This framework enables cybersecurity talent development and facilitates the building of professional competencies and capabilities of those staff engaged in cybersecurity duties." The Guide aims to provide details of the scope of application, qualification structure, recognised certificates and continuing professional development requirements to equip relevant staff with the right skills, knowledge and behaviour.... The HKMA will assess the progress of implementation of the ECF on Cybersecurity by [authorized institutions] and [their] effort in enhancing staff competence in this area during its on-going supervisory process. (FSB-STi)

## SFC Circular on augmenting accountability of senior mgmt (Dec 2016)

The Hong Kong Securities and Futures Commission (SFC) issued a [Circular](http://www.sfc.hk/edistributionWeb/gateway/EN/circular/doc?refNo=16EC68) on enhancing the accountability regime for senior management of licensed companies. The circular specifies definition of *senior management* and their regulatory obligations and potential legal liabilities. It specifies eight core functions of a licensed company for which it must appoint at least one fit and proper person to be the managerin charge (MIC), and provides guidance on selection of the MIC(s). It also brings in the roles and responsibilities of the Board of Directors.

## HKMA circular on Cybersecurity Fortification Initiative (Dec 2016)

The Hong Kong Monetary Authority (HKMA) issued in December 2016 a [Circular](http://www.hkma.gov.hk/media/eng/doc/key-information/guidelines-and-circular/2016/20161221e1.pdf) to authorized institutions to inform them of the implementation details of the Cybersecurity Fortification Initiative (CFI). The CFI consists of three pillars:

• Pillar 1: Cyber-Resilience Assessment Framework (C-RAF):

The C-RAF is a tool to help authorized institutions evaluate their cyber resilience. The assessment comprises three stages:

* + Inherent Risk Assessment – This facilitates an AI to assess its level of inherent cyber-security risk and categorize it into “low”, “medium” or “high” in accordance with the outcome of the assessment;
	+ Maturity Assessment – This assists an AI in determining whether the actual level of its cyber-resilience is commensurate with that of its inherent risk. Where material gaps are identified, the AI is expected to formulate a plan to enhance its maturity level; and
	+ Intelligence-led Cyber-Attack Simulation Testing (iCAST) – This is a test of the AI’s cyber-resilience by simulating real-life cyber-attacks from adversaries, making use of relevant cyber-intelligence. AIs with an inherent risk level assessed to be “medium” or “high” are expected to conduct the iCAST within a reasonable time.

The HKMA will adopt a phased approach to the implementation of the C-RAF as follows:

* + the first phase will cover around 30 authorized institutions including all major retail banks, selected global banks and a few smaller authorized institutions – the HKMA will inform these authorized institutions individually;
	+ the expected timeline for completing the C-RAF assessment under the first phase is end-September 2017 for inherent risk assessment and maturity assessment, and end-June 2018 for iCAST (if applicable); and
	+ depending on industry feedback and the experience gathered from the first phase, the second phase will cover all the remaining authorized institutions. They will be expected to complete the inherent risk assessment and the maturity assessment by the end of 2018. The HKMA will consider the assessment results of the second phase in determining a timeframe for the remaining authorized institutions to complete the iCAST. Although authorized institutions covered in the second phase are given a longer timeframe for implementation, they should familiarize themselves with the C-RAF and take steps to strengthen their cyber-resilience at an early stage where necessary.
* Pillar 2: Professional Development Programme (PDP):

The PDP, rolled out in December 2016, seeks to provide a local certification scheme and training program for cybersecurity professionals. At the request of the industry, the HKMA has adopted a list of professional qualifications, recommended by an expert panel, which are equivalent to the certification provided under the PDP. A person holding a PDP certification or an equivalent professional qualification may perform the assessments and tests in relation to the different roles defined under the C-RAF as set out in the Annex of the circular.

* Pillar 3: Cyber-Intelligence Sharing Platform (CISP):

The HKMA noted that all banks are expected to join the Cyber Intelligence Sharing Platform. Banks were advised to start to make the necessary preparations including system changes at an early stage.

The CISP is ready for access by banks with effect from December 2016.

## G7 Fundamental Elements of Cybersecurity for Financial Sector (Oct 2016)

The G7 published its [fundamental elements of cybersecurity for the financial sector](https://www.ecb.europa.eu/paym/pol/shared/pdf/G7_Fundamental_Elements_Oct_2016.pdf?69e99441d6f2f131719a9cada3ca56a5) to “serve as the building blocks upon which an entity can design and implement its cybersecurity strategy and operating framework, informed by its approach to risk management and culture. The elements also provide steps in a dynamic process through which the entity can systematically re-evaluate its cyber-security strategy and framework as the operational and threat environment evolves. Public authorities within and across jurisdictions can use the elements as well to guide their public policy, regulatory, and supervisory efforts.”

The eight elements noted are:

* 1. *Cybersecurity Strategy and Framework*: Establish and maintain a cybersecurity strategy and framework tailored to specific cyber risks and appropriately informed by international, national, and industry standards and guidelines.;
	2. *Governance*: Define and facilitate performance of roles and responsibilities for personnel implementing, managing, and overseeing the effectiveness of the cybersecurity strategy and framework to ensure accountability; and provide adequate resources, appropriate authority, and access to the governing authority;
	3. *Risk and Control Assessment*: Identify functions, activities, products, and services—including interconnections, dependencies, and third parties—prioritize their relative importance, and assess their respective cyber risks. Identify and implement controls—including systems, policies, procedures, and training—to protect against and manage those risks within the tolerance set by the governing authority;
	4. *Monitoring*: Establish systematic monitoring processes to rapidly detect cyber incidents and periodically evaluate the effectiveness of identified controls, including through network monitoring, testing, audits, and exercises;
	5. *Response*: Timely (a) assess the nature, scope, and impact of a cyber incident; (b) contain the incident and mitigate its impact; (c) notify internal and external stakeholders (such as law enforcement, regulators, and other public authorities, as well as shareholders, third-party service providers, and customers as appropriate); and (d) coordinate joint response activities as needed;
	6. *Recovery*: Resume operations responsibly, while allowing for continued remediation, including by (a) eliminating harmful remnants of the incident; (b) restoring systems and data to normal and confirming normal state; (c) identifying and mitigating all vulnerabilities that were exploited; (d) remediating vulnerabilities to prevent similar incidents; and (e) communicating appropriately internally and externally;
	7. *Information Sharing*: Engage in the timely sharing of reliable, actionable cybersecurity information with internal and external stakeholders (including entities and public authorities within and outside the financial sector) on threats, vulnerabilities, incidents, and responses to enhance defenses, limit damage, increase situational awareness, and broaden learning;
	8. *Continuous Learning*: Review the cybersecurity strategy and framework regularly and when events warrant—including its governance, risk and control assessment, monitoring, response, recovery, and information sharing components—to address changes in cyber risks, allocate resources, identify and remediate gaps, and incorporate lessons learned.

## US FinCEN Advisory on FIs obligations on cyber-related events (Oct 2016)

On 25 October 2016, the US Treasury Financial Crimes Enforcement Network (Fin-CEN) issued an [Advisory](https://www.fincen.gov/sites/default/files/advisory/2016-10-25/Cyber%20Threats%20Advisory%20-%20FINAL%20508_2.pdf) to assist financial institutions in understanding their Bank Secrecy Act (BSA) obligations regarding cyber-events and cyber-enabled crime. This advisory also highlights how BSA reporting helps U.S. authorities combat cyber events and cyber-enabled crime.

Through this advisory FinCEN advises financial institutions on:

* + Reporting cyber-enabled crime and cyber-events through Suspicious Activity Reports (SARs);
	+ Including relevant and available cyber-related information (e.g., Internet Protocol (IP) addresses with timestamps, virtual-wallet information, device identifiers) in SARs;
	+ Collaborating between BSA/Anti-Money Laundering (AML) units and inhouse cyber-security units to identify suspicious activity; and
	+ Sharing information, including cyber-related information, among financial institutions to guard against and report money laundering, terrorism financing, and cyber-enabled crime.

## US FBAs ANPR for enhanced cybersecurity standards (Oct 2016)

On 19 October 2016, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency (the Federal Banking Agencies)issued an [Advanced Notice of Proposed Rulemaking](https://www.occ.gov/news-issuances/news-releases/2016/nr-ia-2016-131a.pdf) to establish enhanced cyber-security standards.

The proposed rules would apply to large institutions subject to the agencies’ jurisdiction, including:

* + US bank holding companies with total consolidated assets of USD 50 billion or more;
	+ banks with total consolidated assets of USD 50 billion or more;
	+ the US operations of foreign banking organizations with total US assets of USD 50 billion or more, and
	+ nonbank financial companies supervised by the Federal Reserve per the DoddFrank Act. (section 165).

While the ANPR is based on some existing regulatory guidance, it also adds some new and more stringent requirements to covered entities. For example, it requires a very short two-hour timeframe to recover critical systems from cyber-events. Improvements are proposed in the following areas:

* + Incident responses and cyber-resilience;
	+ Cyber-risk governance;
	+ Cyber-risk management;
	+ Internal and external dependency management.

Comments received are accessible [here.](https://www.federalreserve.gov/apps/foia/ViewComments.aspx?doc_id=R-1550&doc_ver=1)

## SFC Review of cybersecurity of online & mobile trading systems (Oct 2016)

The Hong Kong Securities and Futures Commission (SFC) launched a [Review](http://www.sfc.hk/edistributionWeb/gateway/EN/circular/doc?refNo=16EC46) of cyber-security, compliance and resilience of brokers’ internet/mobile trading systems. This initiative follows several reports from securities brokers that the security of some customers’ online and mobile trading accounts has been compromised and unauthorized securities trading transactions have been conducted through these accounts.

Cybersecurity management is a priority for the SFC’s supervision of licensed corporations. Licensed corporations should critically review and enhance their controls to combat cyber-attacks. This would involve:

* + Strengthening threat, intelligence and vulnerability management to pro-actively identify and remediate cyber-security vulnerabilities;
	+ Implementing reliable preventive, detective and monitoring measures to protect sensitive information and trading systems;
	+ Being vigilant in monitoring unusual or questionable logins/transactions in client accounts;
	+ Implementing effective user authentication and access controls to deter potential hacking attempts; and
	+ Establishing an effective contingency plan which covers, among others, possible cyber-attack scenarios where trade and position data are impacted.

Examples of good practices observed in the market place include (i) implementing client data encryption; (ii) putting in place controls to detect internet protocol (IP) ranges used by clients and abnormal buy/sell transactions; (iii) implementing two factor authentications in conjunction with strong password requirements for client’s logon; and (iv) sending timely trade confirmation to clients via SMS. A combination of these measures enables brokers spot suspicious activities and mitigate against hacking risks. Where the security of accounts is compromised, early detection enables brokers to send alert to clients to stop further unauthorized trading.

The SFC review has three components:

* + surveying a mix of small to medium sized brokers to assess relevant cybersecurity features of brokers’ internet and mobile trading systems;
	+ onsite inspections of selected brokers for an in-depth review of their information technology and other related management controls and an assessment of their design and effectiveness in preventing and detecting cyber-attacks; and
	+ benchmarking the SFC’s regulatory requirements and market practice in Hong Kong against other major financial services regulators and other relevant market practices overseas and locally. The findings of the cyber-security review are designed to assist the SFC’s policy formulation to improve overall resilience of the markets.

## MY SC Guidelines to Enhance Cyber resilience of Capital Mkt (Oct 2016)

Malaysia’s Securities Commission (SC) published on October 2016 new [Guidelines on Management of Cyber-risk](https://www.sc.com.my/wp-content/uploads/eng/html/cyber/31102016_Guidelines_Cyber_Security.pdf) to enhance cyber-resilience of the capital market by requiring capital market entities to establish and implement effective governance measures to counter cyber-risk and protect investors.

The Guidelines, among other requirements, clearly stipulate the roles and responsibilities of the board and senior management in building cyber-resilience of a capital market entity. The entity is required to identify a responsible person to be accountable for the effective management of cyber-risk. The involvement of the board and senior management is deemed important to ensure that the capital market entity puts adequate focus on cyber-risk issues, determines risk tolerance and priorities, and allocates sufficient resources to cyber-risk.

The Guidelines require regulated entities to have in place a risk management framework to minimize cyber-threats, implement adequate measures to identify potential vulnerabilities in their operating environment and ensure timely response and recovery in the event of a cyber-breach.

Regulated entities are also required to report cyber-incidents to the SC to enhance industry’s awareness on, and preparedness in dealing with, cyber-risk. The reporting is to provide a platform for SC to collaborate with market entities and stakeholders to enhance cyber-resilience on an ongoing basis.

These Guidelines are to be implemented in phases for entities based on, among others, size, nature of activities, and market share.

## APRA Information Paper: 2015/16 Cyber Security Survey Results (Sep 2016)

The Australian Prudential Regulation Authority’s (APRA) [Information Paper](https://www.apra.gov.au/sites/default/files/Information-Paper-Cyber-Security-2016-v4.pdf) informs on the results of its 2015/16 Cyber Security Survey:

 “As part of its activities to understand and assess industry preparedness for, and resilience to, cyber attacks, APRA undertook a survey between October 2015 and March 2016 to gather information on cyber security incidents and their management within APRA-regulated sectors. Respondents to the survey included 37 regulated entities and four significant service providers, covering all APRA-regulated industries, with the exception of private health insurance…

The survey results, in conjunction with other supervisory information, confirm that APRA regulated entities, not only the largest of these entities, need to operate on the assumption that cyber attacks will occur and that such attacks will remain a constant challenge...” (FSB-STi)

## CSA Staff Notice on Cyber Security (Sep 2016)

The Canadian Securities Administrators (CSA – covering FMIs, trading venues, asset managers, broker-dealers, and reporting issuers) issued a [Staff Notice 11-332: Cyber Security](https://lautorite.qc.ca/fileadmin/lautorite/reglementation/valeurs-mobilieres/0-avis-acvm-staff/2016/2016sept27-11-332-avis-acvm-en.pdf), updating a previous Staff Notice: “Since the 2013 Notice, the cyber security landscape has evolved considerably, as cyber attacks have become more frequent, complex and costly for organizations. Accordingly, the CSA is publishing this Notice on cyber security in order to:

* further highlight the importance of cyber risks for Market Participants;
* inform stakeholders about recent and upcoming CSA initiatives;
* reference existing standards and work published, including work published by the Investment Industry Regulatory Organization of Canada (IIROC), the Mutual Fund Dealers Association of Canada (MFDA) and international regulatory authorities and standard-setting bodies;
* communicate general expectations for Market Participants with respect to their cyber security frameworks; and
* examine ways to coordinate communication and information sharing between regulators and Market Participants.” (FSB-STi)

## IE CB Cross Industry Guidance on IT and Cybersecurity Risks (Sept 2016)

The Central Bank of Ireland issued in September 2016 a [Guidance](https://centralbank.ie/docs/default-source/Regulation/how-we-regulate/policy/cross-industry-guidance-information-technology-cybersecurity-risks.pdf?sfvrsn=2) on IT and cybersecurity governance and risk management for financial services firms.

The document sets out the Central Bank’s observations from supervisory work in this area and outlines guidance reflecting “the current thinking as to good practices that regulated firms should use to inform the development of effective IT and cybersecurity governance and risk management frameworks.”

Boards and Senior Management of regulated firms are expected to fully recognize their responsibilities for these issues and to put them among their top priorities. The guidance lists Central Bank expectations on key issues such as alignment of IT and business strategy, outsourcing risk, change management, cyber-security, incident response, disaster recovery and business continuity.

## India Non-Banking Financial Company - Account Aggregators (Sep 2016)

The Reserve Bank of India produced final [Directions](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10598&Mode=0) providing a framework for the registration and operation of “Account Aggregators” in India, requiring these operators to register and be regulated by the RBI. It defines “Account Aggregators” as non-banking financial companies that will collect and provide information on a customer’s financial assets, in a consolidated, organized and retrievable manner to the customer or any other person as per the instructions of the customer. The Directions prohibit Account Aggregators from conducting any other business than that of aggregator, handling transactions for customers, for example. It clearly sets out Data Security requirements, including prohibiting request or storing of customer credentials.

## ENISA Strategies for Incident Response & Cyber Crisis Coop. (Aug 2016)

This [document](https://www.enisa.europa.eu/publications/strategies-for-incident-response-and-cyber-crisis-cooperation) from the European Union Agency for Network and Information Security (ENISA) is an input for the Network and Information Security (NIS) Platform for the discussion on incident response and cyber crisis coordination (by “WG2” – see below). It briefly introduces what incident response is, who the main actors are, what baseline capabilities these entities should possess in order to effectively combat cyberattacks, and what challenges there may be that impede efficiency in incident response. The notion of Computer Security Incident Response Teams (CSIRTs) as key players in incident response is introduced. Descriptions of incident response mechanisms will be elaborated, taking into account national-level cybersecurity strategies, cyber crisis coordination and management covering both escalation and communication between CSIRTs and government bodies.

As part of the implementation of the cybersecurity Strategy of the EU, the NIS Platform was created in 2013 to help European stakeholders carry out appropriate risk management, establish good cybersecurity policies and processes and further adopt standards and solutions that will improve the ability to create safer market conditions for the EU.

The expert work of the components of the NIS Platform was divided into Working Groups (WGs), all dealing with their special field of expertise in cybersecurity:

* + WG1 on risk management, including information assurance, risks metrics and awareness raising;
	+ WG2 on information exchange and incident coordination, including incident reporting and risks metrics for the purpose of information exchange;
	+ WG3 on secure ICT research and innovation.

Ongoing work by the WGs is a series of chapters to be adopted by the NIS Platform. The chapters foreseen by the three WGs are:

* 1. Organizational structures and requirements;
	2. Verification and auditing of requirements;
	3. Voluntary information sharing;
	4. Incident response;
	5. Mandatory incident notification;
	6. Data protection;
	7. (Optional) Incentives for the uptake of good cybersecurity practices;
	8. (Optional) Recommendations on research challenges and opportunities.

## MAS Guidelines on Outsourcing (Jul 2016)

The Monetary Authority of Singapore (MAS) states “[t]hese [Guidelines](http://www.mas.gov.sg/~/media/MAS/Regulations%20and%20Financial%20Stability/Regulatory%20and%20Supervisory%20Framework/Risk%20Management/Outsourcing%20Guidelines_Jul%202016.pdf) provide guidance on sound practices on risk management of outsourcing arrangements... An institution should ensure that outsourced services (whether provided by a service provider or its sub-contractor) continue to be managed as if the services were still managed by the institution.”

After describing an institution’s expected engagement with MAS on outsourcing, including notification to MAS of adverse developments, the Guideline goes through the following areas of risk management practices which institutions are obliged to implement: Responsibility of the Board and Senior Management; Evaluation of Risks; Assessment of Service Providers; Outsourcing Agreement; Confidentiality and Security; Business Continuity Management; Monitoring and Control of Outsourcing Arrangements; Audit and Inspection; Outsourcing Outside Singapore; Outsourcing with a Group; and Outsourcing of Internal Audit to External Auditors.

The Guideline ends with a separate section on Cloud Computing/Service (CS), that “MAS considers CS operated by service providers as a form of outsourcing… The types of risks in CS that confront institutions are not distinct from that of other forms of outsourcing arrangements. Institutions should perform the necessary due diligence and apply sound governance and risk management practices articulated in this set of guidelines when subscribing to CS….”

Its Annexes include a list of non-exhaustive examples of outsourcing arrangements to which the guidelines apply and don’t apply, a guidance in assessing the materiality of an outsourcing arrangement, and a template for a register of outsource entities of an institution to be maintained for submission to MAS, at least annually or upon request.

The Guideline’s audit and inspection section specifies that “An institution’s outsourcing arrangements should not interfere with the ability of the institution to effectively manage its business activities or impede MAS in carrying out its supervisory functions and objectives.” This specifically includes, not only that the outsourcing agreements should include clauses that “allow the institution to conduct audits on the service provider and its subcontractors, whether by its internal or external auditors, or by agents appointed by the institution; and to obtain copies of any report and finding made on the service provider and its sub-contractors,”, but that which also “allow MAS, or any agent appointed by MAS, where necessary or expedient, to exercise the contractual rights of the institution to: (i) access and inspect the service provider and its sub-contractors, and obtain records and documents, of transactions, and information of the institution given to, stored at or processed by the service provider and its sub-contractors; and (ii) access any report and finding made on the service provider and its sub-contractors, whether produced by the service provider’s and its sub-contractors’ internal or external auditors, or by agents appointed by the service provider and its sub-contractors, in relation to the outsourcing arrangement.”

## EU Directive on Security of Network and Information Systems (Jul 2016)

This EU [Directive](http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016L1148&from=EN) on security of network and information systems sets out security obligations for operators of essential services, including those in the banking and financial sectors, and for digital service providers, such as online marketplaces, search engines and cloud services.

Member States will be required to designate a national authority for dealing with cyber-threats and to develop a national cyber-strategy among others.

1. *General Provisions*: “... describes the goals of the Directive, and its legislative environment. It also gives formal definitions to terms that appear in the text.”
2. *National Frameworks on the security of Network and Information Systems*: “... lists the different entities and legislative frameworks that each Member State will have to set up in order to comply with the Directive. Each MS needs to adopt a national NIS strategy; designate one or more national competent authorities, as well as a single point of contact for cross-border cooperation; and set up at least one Computer Security Incident Response Team (CSIRT). These teams need to cover certain sectors and services.”
3. *Cooperation*: “... defines two groups meant to improve NIS-related cooperation between MS. The first is the Cooperation Network, composed of representatives of MS, the Commission, and ENISA. This group is meant to focus on strategic issues. The second group is the CSIRT Network, composed of representatives of MS’ CSIRT and CERT-EU, with the Commission as observer and ENISA as Secretary and active support.”
4. *Security of the Network and Information Systems of Operators of Essential Ser-vices*: “... defines security requirements for and duties of operators of essential services. These services are described in Annex 2 of the Directive.”
5. *Security of the Network and Information Systems of Digital Service Providers*: “... defines security requirements for and duties of digital service providers. These providers are described in Annex 3 of the Directive”
6. *Standardization and Voluntary Notification*: “...encourages the use of EU or international standards” and discusses handling of voluntary notifications.
7. *Final Provisions*: “... covers all other aspects, like the details the timeline for transposition of the Directive, or penalties”

The Directive entered into force on 8 August 2016 and needs to be transposed by 9 May 2018.

## IDRBT Cyber Security Checklist (Jul 2016)

Institute for Development and Research in Banking Technology (IDRBT - established by the Reserve Bank of India) published a Cyber Security [Checklist](http://www.idrbt.ac.in/assets/publications/Best%20Practices/CSCL_Final.pdf).

Developed after an annual retreat of heads of public sector banks and officials of RBI, the checklist was completed by a IDRBT group with members from banks, industry and academia, to "help banks in identifying any gaps in cybersecurity systems", "help board level subcommittees on risk management and information security on monitoring the cyber defence preparedness of banks", and "likely to help banks preparing the cyber security framework as required by the RBI Circular dated 2 Jun 2016."

The Checklist is organized into sections: 1) Enterprise Control; 2) IT Infrastructure Security; 3) Endpoint Security: Hardening (Desktops; Mobiles; Tablets); 4) Security Monitoring; and 5) Outsourcing Security (Optional). (FSB-STi)

## RBI Circular to Establish Cyber Security Framework in Banks (Jun 2016)

The Reserve Bank of India (RBI) published a [Circular](https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NT41893F697BC1D57443BB76AFC7AB56272EB.PDF) outlining an urgent need to put in place a robust cyber security/resilience framework at banks and to ensure adequate cyber-security preparedness among banks on a continuous basis.

In it, RBI requires "Banks should immediately put in place a cyber-security policy elucidating the strategy containing an appropriate approach to combat cyber threats given the level of complexity of business and acceptable levels of risk, duly approved by their board" to be confirmed in three months' time to RBI's Cyber Security and Information Technology Examination (CSITE) Cell of Department of Banking Supervision.

Further, it states that Cyber Security Policy should be distinct and separate from the broader IT policy / IS Security policy of a bank.

It mandates that a SOC (Security Operations Centre) be set up at the earliest, if not done already, so it "ensures continuous surveillance and keeps itself regularly updated on the latest nature of emerging cyber threats." An indicative configuration of a SOC "to monitor and manage cyber risks in real time" is given in Annex 2.

It requires that the IT architecture be reviewed by the IT Sub Committee of the Board and upgraded as necessary, and provides an indicative "minimum baseline cyber security and resilience framework to be implemented by the banks" in Annex 1.

"A Cyber Crisis Management Plan (CCMP) should be immediately evolved and should be a part of the overall Board approved strategy. Considering the fact that cyber-risk is different from many other risks, the traditional BCP/DR arrangements may not be adequate and hence needs to be revisited keeping in view the nuances of the cyber-risk... CCMP should address the following four aspects: (i) Detection (ii) Response (iii) Recovery and (iv) Containment."

It urges banks to comprehensively address network and database security, ensure protection of customer information, review organisational arrangements with a view to security, and to develop Cyber security preparedness indicators used for comprehensive testing through independent compliance checks and audits carried out by qualified and competent professionals.

"It is reiterated that banks need to report all unusual cybersecurity incidents (whether they were successful or were attempts which did not fructify) to the Reserve Bank. Banks are also encouraged to actively participate in the activities of their CISOs’ Forum coordinated by IDRBT and promptly report the incidents to Indian Banks – Center for Analysis of Risks and Threats (IB-CART) set up by IDRBT.

It provides a cyber-incident reporting template (Annex 3) and announces that "it has been decided to collect both summary level information as well as details on information security incidents including cyber-incidents. Banks are required to report promptly the incidents".

Further, an immediate assessment of gaps in preparedness to be reported to RBI.

Banks are required to take suitable steps in building awareness about the potential impact of cyber-attacks among customers, employees, partners and vendors, and also to urgently bring the Board of Directors and Top Management in banks up to speed on cyber-security related aspects. (FSB-STi)

## CPMI-IOSCO Guidance on cybersecurity (Jun 2016)

The Committee on Payments and Market Infrastructures (CPMI) and the International Organization of Securities Commissions (IOSCO) have published a [Guidance](http://www.iosco.org/library/pubdocs/pdf/IOSCOPD535.pdf) on cyber-security which highlights the following points:

* + Sound cyber-governance is key. Board and senior management attention is critical to a successful cyber-resilience strategy;
	+ The ability to resume operations quickly and safely after a successful cyberattack is paramount;
	+ Financial Market Infrastructures (FMI) should make use of good-quality threat intelligence and rigorous testing;
	+ FMIs should aim to instill a culture of cyber-risk awareness and demonstrate ongoing re-evaluation and improvement of their cyber-resilience at every level within the organization; and
	+ Cyber-resilience cannot be achieved by an FMI alone; it is a collective endeavor of the whole ecosystem.

## HKMA Circular Security controls related to Internet banking services (May 2016)

Hong Kong Monetary Authority (HKMA), making reference to reports by banks regarding security breaches in April, published a [circular](http://www.hkma.gov.hk/media/eng/doc/key-information/guidelines-and-circular/2016/20160526e1.pdf) detailing additional ways authorised institutions providing Internet banking services should "enhance their fraud monitoring mechanisms so as to keep up with new and emerging threats and fraudulent schemes." (FSB-STi)

## Report on IOSCO’s Cyber Risk Coordination Efforts (Apr 2016)

International Organization of Securities Commissions (ISOSCO)’s [report](https://www.iosco.org/library/pubdocs/pdf/IOSCOPD528.pdf)[,](https://www.febelfin.be/sites/default/files/InDepth/iosco_-_cyber_security_in_securities_markets_-_an_international_perspective.pdf) covers the main regulatory issues and challenges related to cyber security for relevant segments of securities markets. For IOSCO member organizations, the report provides an overview of some of the different regulatory approaches related to cybersecurity that IOSCO members have implemented thus far, to serve as reference of potential tools available to regulators as they consider appropriate policy responses. For market participants, the report outlines various plans and measures participants have put in place to enhance cyber security in terms of identification, protection, detection, response and recovery.

The report results from a board-level coordination effort led by the Quebec AMF (Autoritédes marchés financiers) with assistance of the China Securities Regulatory Commission and the Monetary Authority of Singapore, bringing together the contribution of relevant IOSCO Policy committees and related stakeholders.

## Australia’s Cyber Security Strategy (Apr 2016)

Australian Cyber Security [Strategy](https://cybersecuritystrategy.pmc.gov.au/assets/img/PMC-Cyber-Strategy.pdf) lays out initiatives under five themes for action by the Government to improve cyber security, up to the year 2020: 1) A national cyber partnership; 2) Strong cyber defenses; 3) Global responsibility and influence; 4) Growth and innovation; and 5) A cyber smart nation.

The initiatives are intended to be reviewed and updated annually, while the Strategy document itself will be updated every four years. (FSB-STi)

## EU General Data Protection Regulation (Apr 2016)

The [EU General Data Protection Regulation,](http://data.consilium.europa.eu/doc/document/ST-5419-2016-INIT/en/pdf) GDPR, was set into place in April 2016 and will come into force in May 2018. The new EU Regulation repeals the Data Protection Directive of 1995 and replaces local laws for data protection, bringing a single standard among all EU member states.

Some important highlights of the regulation include the following issues of scope: 1) responsibility of data protection, including demonstration of compliance (accountability principle), now extends to data processor and not just the data controller (i.e. a supervisor can supervise processors directly as well); 2) scope of the law follows the data – GDPR is applicable to entities outside the EU if they are servicing EU member states; 3) includes not just direct personal data but any derived data that can be either by itself or in combination with other data be identified back to an individual.

Other important matters are:

* + Data portability and “Right to be Forgotten” – individual’s right to their own data and to have it be transported or deleted if certain conditions are met.
	+ Elevation of importance of data protection through imposing principles of “data protection by design” and “data protection by default.”
	+ Required maintenance of a record of all processing activities
	+ Data breach notification to the supervisory authority within 72 hours (and to the individuals in cases of high risk) unless it can “demonstrate that the breach is unlikely to result in a risk to the rights and freedoms of natural persons.”
	+ Security measures, such as encryption and pseudonymisation, to be taken based on risks for the individuals’ data compromise.
	+ Responsibility of carrying out Data Protection Impact Assessments to “evaluate, in particular, the origin, nature, particularity and severity” of risk of data compromise, to then take commensurate steps to mitigate, or report to the supervisory authority prior to processing.
	+ Explicit details on administrative fines (except in Denmark and Estonia where legal system prohibits) setting maximum figures based on categories.

## ASIC - Cyber resilience assessment report: ASX Group and Chi-X Australia Pty Ltd (Mar 2016)

This [report](https://www.asic.gov.au/media/3563866/rep-468-published-7-march-2016.pdf) by the Australian Securities & Investment Commission (ASIC) presents the findings of the cyber resilience assessments of ASX Group and Chi-X Australia Pty Ltd. It also provides some examples of emerging good practices implemented by a wider sample of organisations operating in the Australian financial sector. (FSB-STi)

## ISO/IEC - IT, Security Techniques, InfoSec Management Systems (Feb 2016)

The International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC) maintain an expert committee dedicated to the development of international management systems standards for information security, otherwise known as the [Information Security Management System (ISMS)](https://www.iso.org/isoiec-27001-information-security.html) family of standards. Using the ISMS family of standards, organizations can develop and implement a framework for managing the security of their information assets including financial information, intellectual property, and employee details, or information entrusted to them by customers or third parties. These standards can also be used to prepare for an independent assessment of their ISMS applied to the protection of information. The ISMS family consists of the following International Standards:

* + [ISO/IEC 27000, Information security management systems - Overview and vocabulary](https://www.iso.org/obp/ui/#iso:std:iso-iec:27000:ed-5:v1:en)
	+ [ISO/IEC 27001, Information security management systems - Requirements](https://www.iso.org/obp/ui/#iso:std:iso-iec:27001:ed-2:v1:en)
	+ ISO/IEC 27002, Code of practice for information security controls
	+ ISO/IEC 27003, Information security management system implementation guidance
	+ ISO/IEC 27004, Information security management - Measurement
	+ ISO/IEC 27005, Information security risk management
	+ ISO/IEC 27006, Requirements for bodies providing audit and certification of information security management systems
	+ ISO/IEC 27007, Guidelines for information security management systems auditing
	+ ISO/IEC TR 27008, Guidelines for auditors on information security controls
	+ ISO/IEC 27009, Sector-specific application of ISO/IEC 27001 -Requirements
	+ ISO/IEC 27010, Information security management for inter-sector and interorganizational communications
	+ ISO/IEC 27011, Information security management guidelines for telecommunications organizations based on ISO/IEC 27002
	+ ISO/IEC 27013, Guidance on the integrated implementation of ISO/IEC 27001 and ISO/IEC 20000-1
	+ ISO/IEC 27014, Governance of information security
	+ ISO/IEC TR 27015, Information security management guidelines for financial services
	+ ISO/IEC TR 27016, Information security management - Organizational economics
	+ ISO/IEC 27017, Code of practice for information security controls based on ISO/IEC 27002 for cloud services
	+ ISO/IEC 27018, Code of practice for protection of personally identifiable information (PII) in public clouds acting as PII processors
	+ ISO/IEC 27019, Information security management guidelines based on ISO/IEC 27002 for process control systems specific to the energy utility industry

## EU Payment Services Directive 2 (Jan 2016)

The [Directive](http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32015L2366&from=EN) (PSD2) revises the PSD, adopted in 2007, “provides legal foundation for further development of a better integrated internal market for electronic payments within the EU”. It takes into account new market entrants offering services, specifically “account information services” (which allow a payment service user to have an overview of their financial situation at any time) and “payment initiation services” (which allow consumers to pay via credit transfer from accounts without intermediaries).

This is made possible as banks will be required to open up customer data via a standard set of Application Programming Interfaces (APIs). It enhances consumer rights, including removal of surcharges for use of credit or debit card, reduced liability for non-authorized payments, and unconditional refund right for euro direct debits. It enhances to role of the EBA to develop a public central register of authorized payment institutions undated by national authorities, to resolve disputes from national authorities, develop regulatory technical standards on strong customer authentication and secure communication channels for all payment service providers, and to develop cooperation and information exchange between the supervisory authorities.

Countries are to incorporate it into national laws by Jan 13, 2018.

## South Africa National Cybersecurity Policy Framework (Dec 2015)

The South African Ministry of State Security published a National Cybersecurity Policy Framework [document](https://www.gov.za/sites/www.gov.za/files/39475_gon609.pdf), establishing the following:

"a) The development and implementation of a Government led, coherent and integrated cybersecurity approach to address cybersecurity threats;

b) Establishing a dedicated policy, strategy and decision making body to be known as the JCPS to identify and prioritise areas of intervention and focussed attention regarding Cybersecurity related threats. The Cybersecurity Response Committee will be chaired by the State Security Agency (SSA) and will be a situated at the SSA

c) The capability to effectively coordinate departmental resources in the achievement of common Cybersecurity safety and security objectives (including the planning, response coordination and monitoring and evaluation);

d) Fighting cybercrime effectively through the promotion of coordinated approaches and planning and the creation of required staffing and infrastructure;

e) Coordination of the promotion of Cybersecurity measures by all role players (State, public, private sector, and civil society and special interest groups) in relation to Cybersecurity threats, through interaction with and in conjunction with the Hub (to be established within the Department of Telecommunications and Postal Services);

f) Strengthening of intelligence collection, investigation, prosecution and judicial processes, in respect of preventing and addressing cybercrime, cyber terrorism and cyber warfare;

g) Ensuring of the protection of national critical information infrastructure;

h) The promotion of a Cybersecurity culture and compliance with minimum security standards;

i) The establishment of public-private partnerships for national and action plans in line with the NCPF; and

j) Ensuring a comprehensive legal framework governing cyberspace."

(FSB-STi)

## France National Digital Security Strategy (Oct 2015)

The French government published a revised National Digital Security [Strategy](https://www.ssi.gouv.fr/uploads/2015/10/strategie_nationale_securite_numerique_fr.pdf) which set out five objectives: 1) Fundamental interests, defence and security of State information systems and critical infrastructures, major cybersecurity crisis; 2) Digital trust, privacy, personal data, cybermalevolence; 3) Awareness raising, initial training, continuing education; 4) Environment of digital technology businesses, industrial policy, export and internationalization; and 5) Europe, digital strategic autonomy, cyberspace stability. (FSB-STi)

## MAS Circular - Tech Risk and Cybersecurity Training for Board (Oct 2015)

The Monetary Authority of Singapore’s [Circular No. SRD TR 03/2015](http://www.mas.gov.sg/~/media/MAS/Regulations%20and%20Financial%20Stability/Regulatory%20and%20Supervisory%20Framework/Risk%20Management/TRS%20Circulars/Circular%20TR03%202015%20%20Technology%20Risk%20and%20Cyber%20Security%20Training%20For%20Boa.pdf) on Technology Risk and Cyber Security Training for Board establishes that the board of directors and the senior management of a financial institution are responsible for the oversight of technology risks and cyber security. The Board needs to endorse the organization’s IT strategy and risk tolerance, and ensure that management focus, expertise and resources are brought to bear. The board also needs to ensure an appropriate accountability structure and organizational risk culture is in place to support effective implementation of the organization’s cyber resilience program. MAS expects the Board to be regularly apprised on salient technology and cyber risk developments, and the financial institution should have a comprehensive technology risk and cybersecurity training program for the Board.

## HKMA Supervisory Policy Manual, Risk Management of E-banking (Sep 2015)

Hong Kong Monetary Authority (HKMA) released a [guidance note](http://www.hkma.gov.hk/media/eng/doc/key-functions/banking-stability/supervisory-policy-manual/TM-E-1.pdf) for authorized institutions, a Supervisory Policy Manual titled "Risk Management for E-banking, defined as "financial services (which could be transactional, enquiry or payment services) provided to personal or business customers and delivered over the Internet, wireless networks, automatic teller machines (ATMs), fixed telephone networks or other electronic terminals or devices." Specifically referenced are (i) Internet banking; (ii) contactless mobile payments; (iii) financial services delivered through self-service terminals; and (iv) phone banking.

It provides guidance in following sections: Major risks inherent in e-banking; Risk governance of e-banking; Customer security; System and network security for Internet banking; Controls related to services offered via Internet banking or the Internet; Security controls in respect of specific e-banking channels; Fraud and incident management; and System availability and business continuity management. (FSB-STi)

## Japan’s National Center of Incident Readiness and Strategy for Cybersecurity (Sep 2015)

The Japanese government published a [Cybersecurity Strategy document](https://www.nisc.go.jp/eng/pdf/cs-strategy-en.pdf) under the care of the [National Center of Incident Readiness and Strategy for Cybersecurity](https://www.nisc.go.jp/eng/index.html) formulated pursuant to the [Basic Act](http://www.japaneselawtranslation.go.jp/law/detail/?printID=&re=02&vm=02&id=2760&lvm=01) that prescribes the Government’s responsibility to establish the Cybersecurity Strategy. The strategy outlines the basic directions of Japan’s cybersecurity policies for the coming three years approximately “…to ensure a free, fair, and secure cyberspace; and subsequently contribute to improving socio-economic vitality and sustainable development, building a society where people can live safe and secure lives, and ensuring peace and stability of the international community and national security.”

The National Center of Incident Readiness and Strategy for Cybersecurity conducts a cross-sectoral cybersecurity exercise for 13 critical infrastructures, including the financial sector. (FSB-STi)

## MAS Circular on Early Detection of Cyber Intrusions (Aug 2015)

The Monetary Authority of Singapore’s [Circular No. SRD TR 01/2015](http://www.mas.gov.sg/~/media/MAS/Regulations%20and%20Financial%20Stability/Regulatory%20and%20Supervisory%20Framework/Risk%20Management/TRS%20Circulars/SRD%20TR%200115%20%20Early%20detection%20of%20cyber%20intrusions.pdf) requires that financial institutions not only secure their perimeters from a potential breach, but also have robust capabilities to promptly detect any cyber intrusions so as to enable swift containment and recovery. It considers important that financial institutions maintain a keen sense of situational awareness by continuously enhancing their technical and internal control processes to monitor and detect intrusions in their networks, systems, servers, network devices and endpoints.

## SEBI Cyber Security and Cyber Resilience framework of Stock Exchanges, Clearing Corporation and Depositories (Jul 2015)

Securities and Exchange Board of India (SEBI) published a [framework](https://www.sebi.gov.in/sebi_data/attachdocs/1436179654531.pdf) regarding cyber security and cyber resilience that Market Infrastructure Institutions would be required to comply with in six months' time. The document specifies that "Cyber security framework include measures, tools and processes that are intended to prevent cyber attacks and improve cyber resilience. Cyber Resilience is an organisation’s ability to prepare and respond to a cyber attack and to continue operation during, and recover from, a cyber attack." The Framework content is organized in the following sections: 1) Governance; 2) Identify; 3) Protection; 4) Monitoring and Detection; 5) Response and Recovery; 6) Sharing of Information; 7) Training; and 8) Periodic Audit. (FSB-STi)

## JFSA Policy Approaches to Strengthen Cyber Security in the Financial Sector (Jul 2015)

The Japanese Financial Services Agency (JFSA) published [policy approaches](https://www.fsa.go.jp/en/news/2015/20151105-1/01.pdf) that address cybersecurity for the financial sector in July 2015. The JFSA has been conducting the supervision and inspection regarding cyber security management as a part of system risk control. Given that the threat of cyber attacks is a significant risk for the stability of the financial system, it is necessary to enhance the resilience of the financial system by strengthening the cyber security of not only each financial institution but the financial industry as a whole.

The JFSA will address the five policies below to contribute to strengthening cyber security in the financial sector from the financial regulator’s perspective:

1. Constructive dialogue with financial institutions and grasp of their current condition regarding cyber security
2. Improvement of the information sharing framework among financial institutions
3. Continuous implementation of industry-wide cyber security exercises
4. Cybersecurity human resource development in financial sector
5. Arrangement of cyber security initiatives in the JFSA

In addition, the JFS A conducted industry-wide exercises for the first time in October 2016. A year later, the JFSA conducted a more inclusive industry-wide exercise (Delta Wall II) to upgrade capability of small and medium-sized financial institutions and to encourage large financial institutions to utilize more sophisticated evaluation methods to further improve their capability to address cyber security risks. (FSB-STi)

## APRA Information Paper: Outsourcing involving Shared Computing Services (including Cloud) (Jul 2015)

Australian Prudential Regulation Authority (APRA) released an [Information Paper](https://www.apra.gov.au/sites/default/files/information-paper-outsourcing-involving-shared-computing-services.pdf) focusing on ‘shared computing services’ (arrangements involving the sharing of IT assets with other parties (whether labelled cloud or otherwise)) with the following introduction:

“…Prudential Standard CPS 231 Outsourcing (CPS 231) and Prudential Standard SPS 231 Outsourcing (SPS 231) include requirements relating to the risk management of outsourcing arrangements. In November 2010, APRA wrote to all regulated entities highlighting key prudential concerns that should be addressed when outsourcing includes the use of cloud computing services. More recently, APRA has observed an increase in the volume, materiality and complexity of outsourcing arrangements involving shared computing services (including cloud) submitted to APRA under the consultation and notification requirements of CPS 231 and SPS 231. APRA’s review of these arrangements has identified some areas of weakness, reflecting risk management and mitigation techniques that are yet to fully mature in this area. Further guidance may therefore be beneficial.

This Information Paper outlines prudential considerations and key principles that could be considered when contemplating the use of shared computing services. This Information Paper is relevant for a broad audience including senior management, risk management, technical specialists and Internal Audit. Finally, APRA has a number of existing prudential standards and practice guides that are pertinent to shared computing services. This Information Paper applies the concepts included in those standards and guides…” (FSB-STi)

## UK FCA/PRA Senior Managers and Certification Regime (Jul 2015)

The UK Financial Conduct Authority (FCA)/ Prudential Regulation Authority (PRA) published final [rules](https://www.fca.org.uk/publication/consultation/cp15-22.pdf) for a new regulatory framework “Senior Managers and Certification Regime (SMR)”, which replaced the Approved Persons Regime (APR) for banks, building societies, credit unions and dual-regulated (FCA and PRA regulated) investment firms, effective March 2016:

“While the Senior Managers Regime will ensure that senior managers can be held accountable for any misconduct that falls within their areas of responsibilities, the new Certification Regime and Conduct Rules aim to hold individuals working at all levels in banking to appropriate standards of conduct ...

* + The Senior Managers Regime focuses on individuals who hold key roles and responsibilities in relevant firms. Preparations for the new regime will involve allocating and mapping out responsibilities and preparing Statements of Responsibilities for individuals carrying out Senior Management Functions (SMFs). While individuals who fall under this regime will continue to be preapproved by regulators, firms will also be legally required to ensure that they have procedures in place to assess their fitness and propriety before applying for approval and at least annually afterwards.
	+ The Certification Regime applies to other staff who could pose a risk of significant harm to the firm or any of its customers (for example, staff who give investment advice or submit to benchmarks). These staff will not be preapproved by regulators and firms’ preparations will need to include putting in place procedures for assessing for themselves the fitness and propriety of staff, for which they will be accountable to the regulators. These preparations will be important not only when recruiting for roles that come under the Certification Regime but when reassessing each year the fitness and propriety of staff who are subject to the regime.
	+ The Conduct Rules set out a basic standard for behavior that all those covered by the new regimes will be expected meet. Firms’ preparations will need to include ensuring that staff who will be subject to the new rules are aware of the conduct rules and how they apply to them. Individuals subject to either the SMR or the Certification Regime will be subject to Conduct Rules from the commencement of the new regime on 7th March 2016, while firms will have a year after commencement to prepare for the wider application of the Conduct Rules to other staff.”

## SFC Circular to all Licensed Corporations on Internet Trading (Jun 2015)

Hong Kong Securities and Futures Commission (SFC) launched a self-assessment [checklist](http://www.sfc.hk/web/files/IS/forms/SFC%20Self-Assessment%20Checklist%20Eng%202015.xlsm) (MS Excel based) on its website for Licensed Companies (LCs) with internet trading. The [Circular](https://www.sfc.hk/edistributionWeb/gateway/EN/circular/openFile?refNo=15EC34) explains:

"The Checklist provides guidance for [Licensed Companies (LCs)] to conduct regular self-assessment of their internet trading systems, network infrastructure, related policies, procedures and practices in order to identify areas that require improvement and, where needed, enhance the same so to ensure compliance with the relevant electronic trading requirements.

Given the potential impact to investors and to market integrity, LCs providing internet trading services to clients are expected to closely monitor the integrity, reliability, security and capacity of the internet trading systems and maintain sufficient resources to cope with any increase in business volume transacted through their internet trading systems. LCs are also expected to complete the Checklist as part of their regular review of their internet trading systems and rectify deficiencies (if any) as soon as practicable." (FSB-STi)

## SEC Investment Management Guidance Update on Cybersecurity Guidance (Apr 2015)

The U.S. Securities and Exchange Commission (SEC) issued a guidance [note](https://www.sec.gov/investment/im-guidance-2015-02.pdf) on cybersecurity: "Registered investment companies (“funds”) and registered investment advisers (“advisers”) may wish to consider in addressing cybersecurity risk, including the following, to the extent they are relevant:

Conduct a periodic assessment of: (1) the nature, sensitivity and location of information that the firm collects, processes and/or stores, and the technology systems it uses; (2) internal and external cybersecurity threats to and vulnerabilities of the firm’s information and technology systems; (3) security controls and processes currently in place; (4) the impact should the information or technology systems become compromised; and (5) the effectiveness of the governance structure for the management of cybersecurity risk. An effective assessment would assist in identifying potential cybersecurity threats and vulnerabilities so as to better prioritize and mitigate risk.

Create a strategy that is designed to prevent, detect and respond to cybersecurity threats. Such a strategy could include: (1) controlling access to various systems and data via management of user credentials, authentication and authorization methods, firewalls and/or perimeter defenses, tiered access to sensitive information and network resources, network segregation, and system hardening; (2) data encryption; (3) protecting against the loss or exfiltration of sensitive data by restricting the use of removable storage media and deploying software that monitors technology systems for unauthorized intrusions, the loss or exfiltration of sensitive data, or other unusual events; (4) data backup and retrieval; and (5) the development of an incident response plan. Routine testing of strategies could also enhance the effectiveness of any strategy.

Implement the strategy through written policies and procedures and training that provide guidance to officers and employees concerning applicable threats and measures to prevent, detect and respond to such threats, and that monitor compliance with cybersecurity policies and procedures. Firms may also wish to educate investors and clients about how to reduce their exposure to cyber security threats concerning their accounts.” (FSB-STi)

## Central Bank of Israel Directive on Cyber-Defense Management (Mar 2015)

The Central Bank of Israel issued a [Directive on Cyber-Defense Management.](http://www.boi.org.il/en/BankingSupervision/SupervisorsDirectives/ProperConductOfBankingBusinessRegulations/361_et.pdf) This Directive contains regulatory provisions of the Banking Supervision Department’s requirements and expectations regarding the management of cyber defense. The Directive prescribes a structured but flexible framework for cyber-risk management, while allowing the banking corporation to exercise discretion in its implementation. This form of regulatory approach is intended to enable the banking corporation to adapt its defense system in a dynamic manner to the changing cyber-threat landscape. Therefore, the Directive defines principles for cyber-defense, rather than specifying a strict “list of controls”. The expectation is that the banking corporation shall adopt these principles while establishing a cyber-defense array in accordance with the scope and the nature of its business activity, and its risk profile.

## ASIC’s Report on Cyber Resilience (Mar 2015)

The Australian Securities & Investment Commission’s (ASIC) [report](http://download.asic.gov.au/media/3062900/rep429-published-19-march-2015-1.pdf) “Cyber resilience: health check” is intended to help regulated entities improve their cyber resilience by increasing awareness of cyber risks, encouraging collaboration between industry and government, and identifying opportunities to improve cyber resilience. It also aims to identify how cyber risks should be addressed as part of current legal and compliance obligations relevant to ASIC’s jurisdiction.

## EBA Guidelines on Security of Internet Payments (Dec 2014)

The European Banking Authority (EBA)’s [Guidelines](https://www.eba.europa.eu/documents/10180/934179/EBA-GL-2014-12%2B%28Guidelines%2Bon%2Bthe%2Bsecurity%2Bof%2Binternet%2Bpayments%29_Rev1) on Security of Internet Payments was published, with implementation date 1 August 2015. The implementation of any potentially more stringent requirements necessary under the Payment Systems Directive 2 was intended to occur at a later stage, by the date set in the PSD 2.

The Guidelines encompass the following:

* 1. *General control and security environment*: Governance; Risk Assessment; Incident Monitoring and Reporting; Risk Control and Mitigation; and Traceability.
	2. *Specific control and security measures for internet payments*: Initial customer identification, information; Strong customer authentication; Enrolment for, and provision of, authentication tools and/or software delivered to the customer; Log-in attempts, session time out, validity of authentication; Transaction monitoring; and Protection of sensitive payment data.
	3. *Customer awareness, education, and communication* including Notifications, setting of limits; and Customer access to information on the status of payment initiation and execution.

## Japan’s Basic Act on Cybersecurity (Nov 2014)

Japan adopted the [Basic Act on Cybersecurity](http://www.japaneselawtranslation.go.jp/law/detail/?printID=&re=02&vm=02&id=2760&lvm=01) in November 2014. The purpose of this Act is to promote cybersecurity, given the intensification of threats on a worldwide scale, and the need to ensure the free flow of. In addition to requiring the national and local governments to take measures to boost cybersecurity, the law obligates businesses related to infrastructure and cyber-businesses to take voluntary measures to enhance cybersecurity and cooperate with the government on implementation of relevant measures. The government provides support for cybersecurity measures for infrastructure businesses.

The Cybersecurity Strategic Headquarters are established under the Cabinet. “The promotion of the Cybersecurity policy must be required to be carried out in consideration of the basic principles of the [Basic Act on the Formation of an Advanced Information and Telecommunications Network Society](http://www.japaneselawtranslation.go.jp/law/detail/?id=111&vm=02&re=).” (FSB-STi)

## CODISE publishes new Guide (May 2014)

Italy's CODISE (the acronym of the Italian “continuità di servizio” (business continuity), created in 2003, is responsible for crisis management coordination in the Italian financial marketplace. It is chaired by the Banca d'Italia and includes representatives of Italian Securities Commission (CONSOB) and the systemically important financial institutions.

CODISE's objectives, its roles, responsibilities and activities are described in the newly published [guide](https://www.bancaditalia.it/compiti/sispaga-mercati/codise/CODISE_guide.pdf?language_id=1). "It serves to purpose to facilitate the exchange of information, the adoption of the necessary measures to deal with events that may put at risk the system business continuity, the smooth functioning of financial infrastructures and the public confidence in money. Interventions are defined according to the type of event, its extent and its potential impacts on the financial system.

CODISE plans and executes simulations to check the adequacy of its procedures, while allowing participants to test their internal procedures for business continuity management.

It is also a forum for analysis and discussion among its participants on the evolution of business continuity threats, risk prevention and control measures including cyber security." (FSB-STi)

## Russian banking system standard on information security maintenance (Apr 2014)

Bank of Russia published a [standard](http://www.cbr.ru/Eng/analytics/Gubzi_docs_en/st-10-14_en.pdf) on information security maintenance for Russian banking system organisations. "The main aims of the standardisation of information security maintenance in Russian banking system organisations include:

* To develop and strengthen the Russian banking system;
* To increase confidence in the Russian banking system;
* To maintain the stability of Russian banking system organisations and thereby the stability of the Russian banking system as a whole;
* To achieve adequacy of protective measures to actual information security threats;
* To prevent and/or reduce damage from information security incidents.

The main objectives of standardisation for information security provision for Russian banking system organisations include:

* To establish uniform requirements for information security maintenance in Russian banking system organisations;
* To improve the effectiveness of information security maintenance and support measures in Russian banking system organisations.” (FSB-STi)

## MAS Notice on Technology Risk Management (Mar 2014)

[Notice CMG-N02](http://www.mas.gov.sg/~/media/MAS/Regulations%20and%20Financial%20Stability/Regulations%20Guidance%20and%20Licensing/Securities%20Futures%20and%20Fund%20Management/IID%20Notices/Notice%20CMGN02_2014.pdf) of the Monetary Authority of Singapore (MAS) requires regulated financial institutions to: a) make all reasonable effort to maintain high availability for critical systems; b) establish a recovery time objective of not more than 4 hours for each critical system; c) notify the Authority as soon as possible, but not later than 1 hour, upon the discovery of a relevant incident; d) submit within 14 days a root cause and impact analysis report to the Authority; and e) implement IT controls to protect customer information from unauthorized access or disclosure.

This Notice applies to all: (a) approved exchanges; (b) licensed trade repositories; (c) approved clearing houses; (c) recognized clearing houses which are incorporated in Singapore; (d) holders of a capital markets services license; (e) recognized market operators which are incorporated in Singapore; and (f) persons who are approved under section 289 of the Act to act as a trustee of a collective investment scheme which is authorized under section 286 of the Securities and Futures Act and constituted as a unit trust.

## Spain National Cyber Security Strategy (Dec 2013)

Spain published a [National Cyber Security Strategy](http://www.dsn.gob.es/es/file/932/download?token=9-T_SSTE) that establishes the guiding principles of cybersecurity, namely:

* National leadership and the coordination of efforts;
* Shared responsibility;
* Proportionality, rationality and efficiency; and
* International cooperation.

The overall objective of the strategy is to ensure that “Spain makes secure use of information and telecommunication systems, strengthening cyber attack prevention, defence, detection, analysis, investigation, recovery and response capabilities.” To achieve this, the strategy lays down specific objectives, action lines and establishes the organizational structure under the direction of the Prime Minister. (FSB-STi)

## Netherlands National Cyber Security Strategy (Oct 2013)

Building on the first Strategy (2011), which appointed the Cyber Security Council (which provides requested and unrequested advice to the government, and also has as task ensuring the performance of the National Cyber Security Strategy (NCSS)), the Dutch Ministry of Security and Justice published its NCSS2.

The [NCSS](https://english.nctv.nl/binaries/national-cyber-security-strategy-2_tcm32-84265.pdf)2 outlines the government's commitments, over the period into 2016, to the following five strategic objectives, that the Netherlands: 1) is resilient to cyber attacks and protects its vital interests in the digital domain; 2) tackles cyber crime; 3) invests in secure ICT products and services that protect privacy; 4) builds coalitions for freedom, security and peace in the digital domain; and 5) has sufficient cyber security knowledge and skills and invests in ICT innovation."

The strategy includes strengthening of its National Cyber Security Centre (NCSC), instituting “a stronger structure for confidential information-sharing and analysis. Furthermore, the NCSC assumes the role of expert authority, providing advice to private and public parties involved, both when asked and at its own initiative. Finally, based on its own detection capability and its triage role in crises, the NCSC develops into Security Operations Centre (SOC) in addition to its role as a Computer Emergency Response Team (CERT)." (FSB-STi)

## OSFI Cyber Security Self-Assessment Guidance (Oct 2013)

Canada’s Office of the Superintendent of Financial Institutions (OSFI – covering banks, insurance companies, federally regulated trust and loan companies, and federally regulated cooperative credit associations) published “the annexed cyber security self-assessment [guidance](http://www.osfi-bsif.gc.ca/Eng/Docs/cbrsk.pdf) to assist federally regulated financial institutions (FRFIs) in their self-assessment activities. FRFIs are encouraged to use this template or similar assessment tools to assess their current level of preparedness, and to develop and maintain effective cyber security practices.

OSFI does not currently plan to establish specific guidance for the control and management of cyber risk. Notwithstanding, and in line with its enhanced focus on cyber security as highlighted in its Plan and Priorities for 2013-2016, OSFI may request institutions to complete the template or otherwise emphasize cyber security practices during future supervisory assessments…

This self-assessment template sets out desirable properties and characteristics of cyber security practices that could be considered by a FRFI when assessing the adequacy of its cyber security framework and when planning enhancements to its framework.”

The assessment asks the institutions to rate their level of implementation ‘maturity’ in six areas: 1. Organization and Resources; 2. Cyber Risk and Control Assessment; 3. Situational Awareness; 4. Threat and Vulnerability Risk Management; 5. Cyber Security Incident Management; and 6. Cyber Security Governance. (FSB-STi)

## ASIC REGULATORY GUIDE 172: Australian market licences: Australian operators (Sep 2013)

This [guide](https://asic.gov.au/media/1240949/rg172-reissued-24-september-2013-1.pdf) by the Australian Securities & Investment Commission (ASIC) includes an addendum on market licensee systems and controls from November 2012. “The guide outlines [ASIC’s] role in and approach to financial market regulation under the Corporations Act 2001. It deals with financial markets operating in Australia, with particular focus on Australian operators…” (FSB-STi)

ASIC also has a report titled “Cyber Resilience: Health Check” of March 2015. AISC has under its jurisdiction FMIs, trading venues, banks, insurance companies, broker-dealers, asset managers, and pension funds.

## ACPR guidance: risks associated with cloud computing (Jul 2013)

The French Autorité de Contrôle Prudentiel et de Résolution (ACPR - Prudential Supervisory Authority) published an analyses and syntheses [paper](https://acpr.banque-france.fr/sites/default/files/medias/documents/201307-the-risks-associated-with-cloud-computing.pdf) on the risks associated with cloud computing. Gathering information from banks and insurance companies through a survey by the Secrétariat général de l’Autorité de contrôle prudentiel (SGACP – General Secretariat of the Prudential Supervisory Authority), the analyses largely pointed to a need to define cloud computing, that it posed a greater risk than conventional IT outsourcing, and that there were varied opinions on the economic aspects and use of cloud computing. Accordingly, ACPR noted: “These good practices form part of the broader framework defined for the supervision of outsourced services, including conventional outsourcing. The expectations of the ACP in terms of governance of decisions, risk analysis, contractual elements, monitoring and the internal control of cloud computing services are therefore similar to those currently in force in prudential supervision.”

Specifically, ACPR noted following areas in which it is “encouraging the companies it supervises to take suitable risk management measures in respect of the following aspects:

* Legal: by enforcing a mandatory contractual framework for cloud computing services;
* Technical: by encrypting data during transport and storage (in the absence of anonymisation);
* Supervision of the service provider: by ensuring audit capability and the right for the ACP to conduct audits;
* Continuity of the service: by ensuring that the expectations of the client company can be formalised in service contracts;
* Reversibility of the service: by defining the conditions of reversibility when subscribing to the service;
* Integration and architecture of information systems: by adapting the organisation and governance of information systems to the use of cloud computing.” (FSB-STi)

## MAS Technology Risk Management Guideline (Jun 2013)

The Monetary Authority of Singapore (MAS) published a [Guideline](http://www.mas.gov.sg/~/media/MAS/Regulations%20and%20Financial%20Stability/Regulatory%20and%20Supervisory%20Framework/Risk%20Management/TRM%20Guidelines%20%2021%20June%202013.pdf) to "set out risk management principles and best practice standards to guide the FIs in the following: a. Establishing a sound and robust technology risk management framework; b. Strengthening system security, reliability, resiliency, and recoverability; and c. Deploying strong authentication to protect customer data, transactions and systems." (FSB-STi)

The Guideline is organized into sections: 1) Oversight of technology risk by board of directors and senior management; 2) Technology risk management framework; 3) Management of IT outsourcing risks; 4) Acquisition and development of Information Systems; 5) IT service management; 6) Systems reliability, availability and recoverability; 7) Operational infrastructure security management; 8) Data centres protection and controls; 9) Access controls; 10) Online financial services; 11) Payment card security (ATMs, credit and debit cards); and 12) IT Audit.

## APRA Prudential Practice Guide CPG 234 – Management of Security Risk in Information and Information Technology (May 2013)

Australian Prudential Regulation Authority (APRA)’s jurisdiction encompasses banks, insurance companies, and pension funds. These prudential practice guides (PPGs) are not requirements but “provide guidance on APRA’s view of sound practice in particular areas. PPGs frequently discuss statutory requirements from legislation, regulations or APRA’s prudential standards…”

[This PPG](https://www.apra.gov.au/sites/default/files/Prudential-Practice-Guide-CPG-234-Management-of-Security-Risk-May-2013_1.pdf) aims to assist regulated institutions in the management of security risk in information and information technology (IT). It is designed to provide guidance to senior management, risk management and IT security specialists (management and operational).

The PPG targets areas where APRA continues to identify weaknesses as part of its ongoing supervisory activities. The PPG does not seek to provide an all-encompassing framework, or to replace or endorse existing industry standards and guidelines.

Subject to meeting APRA’s prudential requirements, regulated institutions have the flexibility to manage security risk in IT in a manner best suited to achieving their business objectives. Not all of the practices outlined in this prudential practice guide will be relevant for every regulated institution and some aspects may vary depending upon the size, complexity and risk profile of the institution” (FSB-STi).

## PBOC Implementation guide for classified protection of information system of financial industry (July 2012)

The People’s Bank of China issued an “[Implementation guide for classified protection of information system of financial industry](https://books.google.com/books?id=RSLpDAAAQBAJ&printsec=frontcover&dq=Implementation+guide+for+classified+protection+of+information+system+of+financial+industry&hl=en&sa=X&ved=0ahUKEwjcxPSox8zcAhWBxFkKHfCpCV8Q6AEIJzAA)” (part of unofficial English version) in July 2012. It is meant for use by the departments of financial institution (including its affiliates), e.g. system planning and development (service and technology), application development, system operation, security management, system use, internal supervision and audit. It also may serve as basis for supervision, inspection, and guidance for information security functions. (FSB-STi)

## World Bank - General Principles for Credit Reporting (Sep 2011)

*World Bank Financial Infrastructure Series - General Principles for Credit Reporting Abstract*: “This [report](http://www.worldbank.org/en/topic/financialsector/publication/general-principles-for-credit-reporting) describes the nature of credit reporting elements which are crucial for understanding credit reporting and to ensuring that credit reporting systems are safe, efficient and reliable. It intends to provide an international agreed framework in the form of international standards for credit reporting systems’ policy and oversight. The Principles for credit reporting are deliberately expressed in a general way to ensure that they can be useful in all countries and that they will be durable. These principles are not intended for use as a blueprint for the design or operation of any specific system, but rather suggest the key characteristics that should be satisfied by different systems and the infrastructure used to support them to achieve a stated common purpose, namely expanded access and coverage, fair conditions, and safe and efficient service for borrowers and lenders. Section two provides a brief overview of the market for credit information sharing and credit reporting activities and then analyzes in some detail the key considerations underlying credit reporting. Section three outlines the general principles and related roles. Section four proposes a framework for the effective oversight of credit reporting systems.”

## BCBS Principles for the Sound Management of Operational Risk (Jun 2011)

Basel Committee on Banking Supervision (BCBS)’s [Principles](http://www.bis.org/publ/bcbs195.pdf) for the Sound Management of Operational Risk and the Role of Supervision updates and replaces the 2003 Sound Practices for the Management and Supervision of Operational Risk. This document incorporates the evolution of sound practice and details eleven principles of sound operational risk management covering (1) governance, (2) risk management environment and (3) the role of disclosure.

It covers fundamental principles of operational risk management: first, for the Board of Directors to establish a strong risk management culture, maintaining a framework for operational risk management fully integrated into the bank’s overall risk management processes. Under Governance, it details the role of Board of Directors and Senior Management. Risk Management Environment section includes risk Identification and Assessment, regular Monitoring and Reporting, strong Control and Mitigation practices. The principles also speak to Business Resiliency and Continuity plans, as well as public disclosures to allow stakeholders’ assessment of operational risk management.

Of relevance to cyber issues is Technology Risk and Outsourcing, specifically that Senior management needs to ensure that staff responsible for managing operational risk coordinate and communicate effectively with those responsible for outsourcing arrangements. The Control and Mitigation section includes the requirement to have an integrated approach to identifying, measuring, monitoring and managing technology risks. Further, it details that “the board and senior management are responsible for understanding the operational risks associated with outsourcing arrangements and ensuring that effective risk management policies and practices are in place to manage the risk in outsourcing activities” and delineates activities that outsourcing policies and risk management should encompass.

## FFIEC - Authentication in Internet Banking Environment, suppl. (Jun 2011)

The US FFIEC released a Supplementary [update](https://www.ffiec.gov/pdf/auth-its-final%206-22-11%20%28ffiec%20formated%29.pdf) to the [Authentication in an Internet Banking Environment Guidance](https://www.ffiec.gov/pdf/authentication_guidance.pdf) of 2005. “The Supplement reiterates and reinforces the expectations described in the 2005 Guidance that financial institutions should perform periodic risk assessments considering new and evolving threats to online accounts and adjust their customer authentication, layered security, and other controls as appropriate in response to identified risks. It establishes minimum control expectations for certain online banking activities and identifies controls that are less effective in the current environment. It also identifies certain specific minimum elements that should be part of an institution’s customer awareness and education program.” “Financial institutions should use this guidance when evaluating and implementing authentication systems and practices whether they are provided internally or by a service provider. Although this guidance is focused on the risks and risk management techniques associated with the Internet delivery channel, the principles are applicable to all forms of electronic banking activities.”

New guidance took effect January 2012 for examiners to formally assess institutions against these enhanced expectations.

## AICPA suite of SOC & Implementation Guidance (Apr 2010)

System and Organization Controls (SOC) is a suite of service offerings (independent audit reports) that Certified Public Accountants may provide in connection with system level controls of a service organization or entity-level controls of other organizations. They are independent attestations of an organization’s operating environment, similar to the ISO certifications, a well-recognized audit regime that covers both financial and security aspects.

The SOC report [series](http://www.aicpa.org/InterestAreas/FRC/AssuranceAdvisoryServices/Pages/SORHome.aspx) include:

* + SOC 1: Reporting on Controls at a Service Organization;
	+ SOC 2: Reporting on Controls at a Service Organization Relevant to Security, Availability, Processing Integrity, Confidentiality, or Privacy;
	+ SOC 3: Trust Services Principles, Criteria, and Illustrations for Security, Availability, Processing Integrity, Confidentiality, and Privacy

## CBRC Guidelines on the Risk Management of Commercial Banks’ Information Technology (2009)

The China Banking Regulatory Commission (CBRC) released regulatory [Guidelines](http://www.cbrc.gov.cn/chinese/files/2009/20090601A5AC687B78068B60FFDAB8BD0E6FF100.doc) on the Risk Management of Commercial banks’ Information Technology, which apply to all the commercial banks legally incorporated within the territory of the People’s Republic of China, and “may apply to other banking institutions including policy banks, rural cooperative banks, urban credit cooperatives, rural credit cooperatives, village banks, loan companies, financial asset management companies, trust and investment companies, finance firms, financial leasing companies, automobile financial companies and money brokers”. The Guideline covers IT governance, IT risk management, information security, application system development, test and maintenance, IT operation, business continuity management, outsourcing, internal audit, external audit, and supplementary provisions. (FSB-STi)

## ENISA National Exercises Good Practice Guide (Dec 2009)

The European Union Agency for Network and Information Security (ENISA) [guide](http://www.enisa.europa.eu/activities/Resilience-and-CIIP/cyber-crisis-cooperation/cce/cyber_exercises/national-exercise-good-practice-guide/at_download/fullReport) was released “to assist authorities in Member States to better understand the complexities of exercises and help them prepare local and national ones. This guide was prepared by interviewing experts on exercises throughout the EU and beyond with the aim to identify good practices that were already applied and proved to be effective.”

“The guide examines these practices by first giving an introduction to the subject of exercises, then reviewing the life-cycle of an exercise (identifying, planning, conducting, and evaluating) systematically. Also, the roles of the involved stakeholders are presented. Throughout the guide, good practices are highlighted for easy identification.”

## ENISA Good Practice Guide on Incident Reporting (Dec 2009)

Given strong commitment by the EU institutions and the Member States to the resilience of public communications networks, the European Union Agency for Network and Information Security (ENISA) was asked to help Member States and EU institutions to identify good practices in incident reporting schemes. This [document](https://www.enisa.europa.eu/publications/good-practice-guide-on-incident-reporting-1) addresses many of the issues that Member States will face as they debate, take stock, establish, launch, develop and harmonize their incident reporting systems at national level. The report discusses schemes for reporting incidents that may harm or threaten the resilience and security of public eCommunication networks. It examines the whole lifecycle of a reporting scheme, from the first steps in designing the scheme, through engaging the constituency’s cooperation, setting the reporting procedures, and then management and improvement of the scheme.

## German Federal Office for Information Security Act (Aug 2009)

The [Act](https://www.gesetze-im-internet.de/englisch_bsig/englisch_bsig.pdf) established a Federal Office of Information Security to be overseen by the Federal Ministry of the Interior, to perform specific tasks to promote security of information technology and to be the central clearinghouse for cooperation among federal authorities in matters related to the security of information technology. (FSB-STi)

## KR Electronic Financial Transactions Act and Enforcement Decree (Jan 2007)

The South Korean Electronic Financial Transactions Act was enacted in January 2007. The [Act](http://www.fsc.go.kr/downManager?bbsid=BBS0085&no=106341) (last amended May 2013) and Enforcement [Decree](http://www.fsc.go.kr/downManager?bbsid=BBS0085&no=106342) (last amended March 2014) is for “ensuring the security and reliability of electronic financial transactions by clarifying their legal relations and to promoting financial conveniences for people and developing the national economy by creating a foundation for the sound development of electronic financial industry.” It provides the legal grounds for the financial sector regulators to conduct supervision and examination of financial institutions and electronic financial business operators. According to the Act and other related regulations, Financial Institutions (FIs) should adopt comprehensive measures to better cope with cyber threats and manage related risks.

## KR Regulation on Supervision of Electronic Financial Transactions (Jan 2007)

The South Korean [Regulation](http://www.fsc.go.kr/downManager?bbsid=BBS0085&no=115218)on Supervision of Electronic Financial Transactions[,](http://www.fsc.go.kr/downManager?bbsid=BBS0085&no=115218) last amended on June 30, 2016, prescribes to the Financial Services Commission, as the body delegated in the Electronic Financial Transactions Act, the matters under its authority that are “required for securing the safety of the information technology sector of an institution subject to examination by the Financial Supervisory Service under other Acts and subordinate statutes.” It addresses “Rights and Obligations of Parties to Electronic Financial Transactions”; “Securing the Safety of Electronic Financial Transactions and Protecting Users”; “Licensing, Registration and Operation of Electronic Financial Affairs”; and “Supervision of Electronic Financial Affairs”. It includes explanatory Tables on “Standards for Computing the Number of IT Personnel and Information Protection Personnel”; “Standards for IT Sector and Information Protection Budgets”; “Specific Limits on Use of Means of Electronic Payment”; “Prerequisites for Major Investors”; “Financial Companies Subject to Evaluation of IT Sector Operation”; and “Types of Assets with Low Investment Risk”.

# APPENDIX: INDEX by CONCEPTS

Please see separate “Source Table” file, tab labeled: “Appendix: Index by Concepts”.

1. “FSB-ST” denotes those items mentioned in the “FSB Stocktake on Financial Sector Cybersecurity Regulations, Guidance and Supervisory Practices”. See [coverage](#_FSB_Stocktake_and) in Digest. [↑](#endnote-ref-2)