Cyber and privacy risk management
Responding to the Cayman cyber and privacy regulatory requirements

What we are seeing in the market
The cyber threat landscape is increasing and expanding. As we move to an experience-led economy powered by data, there is also an increased focus on data privacy, underpinned by rising customer expectations and increased regulatory scrutiny. The pace and scale of regulatory change over the last five years have greatly impacted organizations’ approach to cyber and privacy risk management both locally and globally.

only 7% of organizations would describe cybersecurity as enabling innovation; most choose terms such as “compliance-driven” and “risk-averse.”

86% of organizations say that crisis prevention and compliance remain the top drivers of new or increased security spending.

59% faced a serious cyber incident in the past 12 months.

2019 saw the highest-ever fines issued by privacy regulators; meanwhile, data breaches reported under the General Data Protection Regulation (GDPR) more than doubled over the prior year.

6 in 10 businesses only consider cybersecurity after it’s already too late.

Source: EY Global Information Security Survey 2020
Cayman regulatory landscape: what’s changing?

CIMA’s Rule and Statement of Guidance - Cybersecurity

- The code sets out risk management principles and leading-practice standards to make sure that regulated entities:
  - Establish a sound and robust cyber risk management program
  - Implement a minimum standard of technical and business process controls
  - Make every effort to improve their level of resilience to cyber attacks, as well as their ability to respond and recover from any actual cyber incidents
  - Put measures in place to ensure the confidentiality, integrity and availability of their data and systems
  - CIMA incorporates cybersecurity and IT system reviews in its examination/inspection procedures

Cayman Islands Data Protection Law (DPL), 2017

- On 30 September 2019, the long-awaited Data Protection Law, 2017 came into force in the Cayman Islands.
- The DPL outlines the requirements for organizations that process personal information, as well as the rights granted to individuals regarding the use of their personal information by such organizations.
- This legislation, which follows international best practice, applies to almost all organizations, businesses (including investment funds) and the government that process personal information in Cayman.

What does this mean for you?

Board
What are we doing about cyber and privacy risk?

Chief executive officer
Are our cybersecurity and data strategies aligned with our business strategy?

Audit committee
Do we have the right IT and operational controls to address cyber and privacy risk?

Chief compliance officer
Is the organization complying with CIMA’s Cybersecurity for Regulated Entities? Are we compliant with data privacy regulation?

Chief information security officer
Is there a cyber risk management program in place? Are responsibilities known? Are mature data governance and protection programs in place?

Chief risk officer
Do we know our cyber vulnerabilities? Do we know our privacy risk? How are we managing them?

Internal audit
Are controls documented? Do we have evidence of cyber defense and privacy compliance?

Functional leads
Do I have the proper lines of defense for cyber and privacy?
An effective approach to compliance

A new mindset is required to meet new and broader regulatory expectations and to enable the drive for change in a way that delivers real value to the business.

<table>
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<tr>
<th>Yesterday’s thinking</th>
<th>Today’s thinking</th>
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<td>Organizations have implemented many risk and control structures post-crisis at the regulators’ request, leading to patchwork, piecemeal and often siloed solutions.</td>
<td><strong>Integrated</strong>: Organizations address cyber and privacy risk governance holistically, not in a compartmentalized manner; they work to certify each of the parts works well together.</td>
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<td>The collective mindset remains focused on regulatory compliance.</td>
<td><strong>Strategic</strong>: Focus on capturing key benefits of effective cyber and privacy risk governance by aligning strategic decisions with the vision of the organization and realizing compliance forms part of the journey of continuous improvement.</td>
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<td>Not enough organizations fully consider future regulatory requirements – they focus too heavily on domestic requirements with insufficient regard to global cyber and privacy trends.</td>
<td><strong>Forward-looking</strong>: New approaches are built with a view to the future - heading in the direction of global cyber and privacy trends, not where the agenda currently stands.</td>
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<td>Cyber risk and control approaches have often been decentralized, overlapping and/or duplicative.</td>
<td><strong>Effective and efficient</strong>: Second-line risk and control approaches are centralized, roles and responsibilities are clearly defined, and integrated systems and infrastructure are sustainable and cost-efficient.</td>
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<td>In several areas, organizations embarked on complex or impractical approaches.</td>
<td><strong>Practical</strong>: There is a strong focus on driving practical and substantive change in cyber and privacy risk governance.</td>
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Mapping out your compliance journey

**Assess current-state risk**
- Identify risk exposures based on industry criteria and CIMA, and the guidance of the CI ombudsman

**Assess current-state capability**
- Evaluate cybersecurity and privacy capability in technology, people and policy domains

**Assess regulatory gaps**
- Identify gaps and discrepancies to meet CIMA and DPL requirements and list needed actions

**Technically validate capabilities**
- Identify cyber defense strength and vulnerability using technology-based tools and evaluate privacy controls and procedures

**Improve and measure**
- Enhance cyber and privacy controls and reevaluate to understand remaining risk

**Build strategy and road map**
- Develop a strategy and actionable plan to address ongoing threats and compliance
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<th>Impacted area</th>
<th>Key considerations</th>
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| Framework and cyber risk management              | • Ensure appropriate governance mechanisms are in place to address cyber security risk across the enterprise, including:  
  ▪ Establish, implement, maintain and document cybersecurity framework  
  ▪ Approve cybersecurity risk management strategy  
  ▪ Maintain adequate IT security policies and procedures  
  ▪ Identify managerial responsibilities  
  ▪ Review the emerging cybersecurity threats |
| Role of the governing body                       | • Approve written cybersecurity risk management strategy  
  ▪ Approve cybersecurity risk assessment  
  ▪ Approve comprehensive cybersecurity framework |
| Cybersecurity awareness, training and resources   | • Establish a comprehensive training and awareness program which needs to be reviewed and updated. Adopt a security-by-design approach  
  ▪ Appoint sufficient and suitable personnel to maintain their cybersecurity framework |
| Third-party risk management                      | • Ensure oversight and clear accountability for all outsourced functions  
  ▪ Identify and evaluate the risks associated with third parties  
  ▪ Define contractual terms and conditions that would enable you to manage appropriate risks  
  ▪ Request third parties to implement security policies, procedures and controls that are at least as stringent as the ones established within your own organization |
<p>| Data protection                                  | • Demonstrate that data protection is part of their strategy and cybersecurity framework, taking into consideration the provisions of the Data Protection Law and the guidance issued by the ombudsman on data protection |
| Notification requirements                        | • Immediately notify the Authority in writing of an incident when it is deemed to have a material impact or has the potential to become a material incident, and no later than 72 hours following the discovery of said incident |
| Enforcement                                      | • Whenever there has been a breach of these rules, the Authority’s policies and procedures as contained in its Enforcement Manual will apply, in addition to any other powers provided in the regulatory laws and the Monetary Authority Law (MAL) |</p>
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| Data protection policy and data classification    | • **Classify** personally identifiable information (PII)  
• Develop **mechanisms** to enforce policies and standards                                                                                   |
| Privacy risk and controls                         | • **Integrate privacy controls** in existing control framework and risk assessments  
• Conduct **risk assessments** on processes and data flows                                                                                       |
| Data life cycle management                        | • **Maintain data flows** and privacy register  
• Document conditions for processing (i.e., legal ground, data minimization, information provision, purpose limitation)                                    |
| Data subject rights                                | • Set up procedures to support **rights of data subjects**, i.e., to access, modify and erase their PII; transfer PII to another organization (data portability); and object to the processing |
| Privacy by design and architecture                | • Update security architecture to support **privacy by design**  
• Conduct **privacy impact assessment** for new projects and systems                                                                                |
| Data security                                     | • **Identify technical security measures** to protect PII in line  
• Consider **data encryption** (rest, use motion)  
• Ensure identity access management with appropriate use in line with DPL                                                                          |
| Data retention and disposal                        | • Document **data retention and disposal** policy  
• Identify retention periods for each category of PII                                                                                               |
| Monitoring                                        | • Ensure that PII is used in line with policies, standards and DPL  
• Set up mechanisms to **detect deviations**, i.e., unauthorized disclosures                                                                         |
| Incident response and breach notification          | • **Integrate** personal data breaches within **incident response**  
• Identify stakeholders to be notified after a data breach                                                                                         |
| Vendor management                                 | • Gain **visibility on vendors** that process PII  
• Set up mechanism to ensure vendors only process PII in line with policies, standards and DPL (e.g., monitoring vendors and performing audits) |
How we can help

Our portfolio of high-demand services is designed to address your cyber and privacy regulatory compliance requirements in a holistic and impactful way.

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**Key compliance services**

**Supporting services**
Meet our team

EY is a global leader in the field of cyber risk management. Our experience in the financial services industry, combined with our market-leading services in cyber risk and our close relationship with regulators, positions EY as the service provider of choice to help you meet the proposed requirements of CIMA’s Rule on Cybersecurity for Regulated Entities and Cayman Islands Data Protection Law (DPL), 2017.

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EY cybersecurity and privacy thought leadership

EY Global Information Security Survey 2020

Bridging the relationship gap to build a business-aligned security program

EY’s Global Information Security Survey 2020 captures the responses of nearly 1,300 C-suite leaders and information security and IT executives. Most of the world’s largest and most recognized global companies are represented, covering a variety of industries.

For more insights

Cyber
Privacy

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