BoardRoom
Smart Business Solutions

Guidance on Management of Cyber Risks

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The digital world is rapidly evolving, increasing opportunities for innovation and exploitation by cyber threats.

On 22 December 2022, Bursa Malaysia Berhad ("Bursa") issued the Guidance on Management of Cyber Risks, to build a culture of cyber resilience and competency among listed issuers, by creating awareness and providing guidance on cyber risks issues and measures that can be taken.

The recommended measures are:

i. Governance of Cyber Risk

- The Board should exercise effective oversight and institute proactive strategies in managing cyber risks, as part of the listed issuer's overall risk management framework[1].

  The Board should identify a person among the senior management, with the requisite expertise and knowledge, to be accountable for the overall effectiveness of cyber risk management.

  The Board is to be themselves updated of new/emerging trends of cyber threats and drive a cyber risk management culture at all levels of the organisation.

- Senior Management should take ownership of building cyber resilience, periodically update the Board on any cyber breaches, emerging threats and potential impact, and oversee day-to-day management of cyber risks.

1. In line with practice 10.1 of Malaysian Code on Corporate Governance, where the Board should establish an effective risk management and internal control framework.

ii. Management of Cyber Risk

- Cyber Risk Policy and Procedures, which commensurate the listed issuer's risk profile, is to be established. The policy should clearly outline the roles and responsibilities of the Board, Board Committees, responsible persons and key personnel involved in the management of cyber risks. The procedures should cover identification, detection, assessment, prioritisation, containment, response and escalation of cyber-attacks for decision making.

- Cyber risk measures covering the following is to be put in place:
    i. Prevention – includes carrying out periodic assessment on potential vulnerabilities and cyber threats, and regular cyber security awareness training.
    ii. Detection - involves continuous monitoring of anomalous activity, with detailed incident response plan for escalation
    iii. Recovery Measures - include investigation, restoration based on response planning/business continuity planning.

iii. Testing and Validation

A comprehensive testing programme be established to validate the effectiveness of the cyber resilient framework on a periodic basis. The tests should address broad scope of scenario, include internal and external stakeholders, with the results thereof escalated to the Board.

iv. Learning and Evolving

Listed issuer should distil key lessons from global or local major cyber incidents. IT department should proactively engage with Senior Management and Board to ensure that cyber resilience remains top priority in their agenda.

The cyber risk management framework should be steered towards proactive protection against potential cyber incidents as opposed to providing reactive measures.

v. Cyber Security Awareness and Training

Adequate attention to be given to Enterprise-wide programmes involving the Board, employees and third-party service providers. The effectiveness of the programme is to be tested such as through “random staff testing”, and corrective measures to be put in place, where needed.

It is crucial for listed issuers to keep abreast of latest development in cyber security, including referring to guidelines and official publications issued by Bursa and other relevant authorities.

Reference

For further details, please refer to the Guidance on Management of Cyber Risks issued by Bursa.

How we can help

As a corporate services provider to our clients, we welcome any opportunity to discuss the relevance of the above updates to your company.

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