MARCH 2025

Information Security Guideline

BC Credit Unions, Insurance Companies, and Trust Companies

BCFSA

Contents

Introduction

BC Financial Services Authority (“BCFSA”) Guidelines establish principles that regulated entities are expected to implement and follow. They provide best practices on how to meet the objectives of the Guideline.

Potential consequences of information security (“IS”) breaches constitute a concern for BCFSA, consumers, and provincially incorporated financial institutions. As a result of these concerns, BCFSA has produced an IS Guideline that outlines expectations to mitigate IS risks.

In this Guideline, B.C. incorporated credit unions, insurance companies and trust companies will be collectively referred to as provincially regulated financial institutions (“PRFIs”).

Nothing in this Guideline replaces requirements established in legislation such as those relating to the protection of personal information and fair treatment of customers.

This Guideline replaces the BCFSA Information Security Guideline released October, 2021 and will come into effect July 1, 2025.

Scope

IS risks include unauthorized, illegal, or accidental use, disclosure, access to, modifications or destruction of data, or impairment of network systems (information security incidents), which can cause serious harm to credit union members and other financial services consumers, and significant financial and reputational damage to PRFIs. The risk of unauthorized or illegal access to sensitive information or systems can come from employees, consultants, and others within the regulated entity or external threat actors.

Data can be generated by the PRFI or provided by third parties to the PRFI. Data collection, storage and processing can be in any format (for example; paper, electronic, or video) or location (for example; onsite, offsite, or cloud service). Information systems include people, machines, methods of organization, and procedures which provide input, storage, processing, communications, output, and control functions in relation to information and data.

BCFSA’s expectations for outsourcing information system management services to third parties is addressed through a separate Outsourcing Guideline. Where information management services are outsourced, BCFSA expects PRFIs to ensure that all service providers comply with all applicable legislation, regulations, and/or rules, as well as this Guideline in their treatment of the PRFI’s information.

A distinction is made between data privacy and data and system protection (i.e., IS). Data privacy is concerned with issues related to authorized collection, use, and disclosure of information. Data and system protection focus on securing against unauthorized or accidental loss or misuse of data or information systems.

This Guideline applies to PRFIs—B.C. incorporated credit unions, insurance companies and trust companies. The implementation of the Guideline will be applied in a risk-based and proportionate manner and will vary given differences in the nature, scope, complexity, systemic importance, and risk profile of the PRFI.

Approach

This Guideline sets out both high level principles and specific BCFSA expectations.

Principles form the foundation for good governance expected by BCFSA. Principles communicate the spirit of BCFSA's expectation without prescribing the form by which the principle is achieved. BCFSA expects principles to be implemented across all PRFIs.

For each principle, specific BCFSA expectations are used for further illustration and clarity. Specific BCFSA expectations are the procedures and practices[1] that achieve the objective of each principle. BCFSA may recommend additional IS actions be implemented consistent with a risk-based and proportionate supervisory approach.

Governance

The PRFI's governing body is ultimately responsible for overseeing the prudent management of IS risks.

For the purposes of this Guideline, the governing body for PRFIs is the Board of Directors. The term "Board of Directors" also includes any group or individual who would hold a comparative position in a financial institution.

For PRFIs, the following specific expectations apply.

The Board of Directors should[2]:

- Identify the governing body accountable for overseeing IS (for example, the Audit Committee of the Board);
- Approve the appropriateness of the IS risk management program relative to the nature, scope, complexity, and risk profile of the organization;
- Possess current and relevant knowledge of IS, or recognize when it needs additional expertise or third-party advice to meet its oversight responsibilities; and
- Assess the competencies, skills, and experience of senior management pertaining to IS.

Senior management should:

- Define and document roles and responsibilities for personnel implementing, managing, and overseeing the effectiveness of the IS strategy to ensure accountability;

[1] Procedures operationalize policies. Practices are detailed instructions.
[2] Reference to the word "should" throughout this guideline means it is recommended that PRFIs adhere to that section.

- Develop, document, implement, and monitor an IS risk management program including policies, procedures, and practices for the effective management of the institution's IS risks;
- Periodically review the effectiveness of the IS risk management program and plans for dealing with incidents; and
- Allocate sufficient resources to effectively conduct IS functions.

Information Security Risk Management Program[3]

A PRFI is expected to establish and document an effective IS risk management program, which should be approved by the governing body and be reviewed at least once a year by senior management. This program should focus on security measures to mitigate IS risks and should be fully integrated into the PRFI's overall risk management processes.

A PRFI should design and document an IS Risk Management Program that includes the following:

- IS policies and procedures that align with the organization's risk exposure;
- Procedures and systems to identify and protect against IS threats, and monitor IS incidents;
- A plan that clearly sets out strategies for responding to and recovering from material IS incidents with roles and escalation processes clearly defined to facilitate timely response management;
- Procedures for testing IS measures to ensure that critical functions, processes, systems, transactions, and interdependencies are effective. The actions should support the objectives of protecting and, if necessary, re-establishing the integrity and availability of operations and the confidentiality of information assets; and,
- Internal controls to ensure compliance with established IS risk management policies and procedures.

Identify

A PRFI is expected to develop an understanding of IS risks to systems, people, assets, data, and capabilities.

A PRFI should:

[3] The contents of an IS Program may be contained in one or more documents and some aspects may be contained in other documents such as ERMs, BCPs, governance policies, etc.

- Identify the data, personnel, devices, systems, software platforms, and applications and facilities that enable the organization to achieve business objectives;
- Perform a risk assessment to understand the IS threats and risks as well as their implications on the organization's operations, assets, and individuals (including an analysis of the organization's exposure to severe business disruptions and an assessment of their potential impact);
- Identify IS risk pertaining to third parties, such as suppliers and third-party partners;
- Coordinate and align IS roles and responsibilities with external partners; and
- Collect IS threat information from internal and external sources to inform risk assessments.

Protect

A PRFI is expected to protect its data and systems in a reasonable and appropriate manner based on the sensitivity, value and/or criticality that the data and information system have to the PRFI and legislative requirements. A PRFI should develop and implement preventative physical and logical security measures against identified IS risks to ensure data and information system protection and delivery of critical services.

A PRFI should:

- Establish appropriate physical and logical security measures to protect sensitive data of the organization as well as the network systems;
- Document and maintain security policies, practices, and procedures used to manage protection of information whether at rest, in transit, or in use;
- Provide periodic training and awareness on IS to all personnel. The level of training will be commensurate with the individual's access to sensitive data and systems;
- Document and implement policies, practices, and procedures to manage access rights to information assets and their supporting networks on a "need-to-know" basis;
- Document and institute controls over privileged system access by strictly limiting and closely supervising staff with elevated information system access entitlements. Controls such as roles-based access, logging and reviewing of privileged users' network activities, strong authentication, and monitoring for anomalies should be implemented;
- Establish, document, and implement multi-layered controls covering people, processes, and technology, with each layer serving as a safety net for preceding layers. "Multi-layered" should be understood as having more than one control covering the same risk (for example, implementing two-factor authentication for users accessing the network);
- Establish and implement a testing process that validates the robustness and effectiveness of the security measures and ensures that the testing framework is adapted to consider new threats and vulnerabilities identified through risk-monitoring activities;

- Ensure that tests are conducted in the event of changes to infrastructure, processes, or procedures and if changes are made in response to material security incidents;
- Exchange information with external stakeholders to achieve broader IS situational awareness;
- Establish processes to receive, analyze, and respond to vulnerabilities and flaws disclosed to the organization from internal and external sources; and
- Implement Information Technology ("IT") system updates from infrastructure and software providers in a timely manner.

Detect

A PRFI is expected to establish monitoring processes to rapidly detect IS incidents and periodically evaluate the effectiveness of identified controls, including through network monitoring, testing, audits, and reporting.

A PRFI should:

- Establish appropriate capabilities for detecting physical or digital intrusion as well as breaches of confidentiality, integrity, and availability of the information assets used;
- Monitor information system and assets to identify IS incidents covering relevant internal and external factors, including business and information system administrative functions; and
- Maintain and test detection processes and procedures to ensure timely and adequate awareness of IS incidents.

Respond

A PRFI is expected to develop and implement appropriate actions in response to IS incidents.

A PRFI should:

- Establish appropriate processes to ensure consistent and integrated monitoring, handling, and follow-up of IS incidents;
- Execute response procedures and practices to contain the incident, maintain critical functions, and mitigate losses in the event of a material incident[4];
- Establish procedures for reporting IS incidents, as appropriate; and

[4] Page 7 for definition of "material incident."

- Ensure effective crisis communication measures are in place during a disruption or emergency so that all relevant internal and external stakeholders, including external service providers, are informed in a timely and appropriate manner.

Recover

A PRFI is expected to develop and implement appropriate activities to maintain plans for resilience, restore capabilities or services and comply with applicable legislation.

A PRFI should:

- Develop an IS incident recovery plan, which should:
    - Focus on the impact on the operation of critical functions, processes, systems, transactions, and interdependencies,
    - Be documented and made available to the business and support units and be readily accessible in case of emergency, and
    - Be updated in line with lessons learned from the tests, new risks identified, threats, and changed recovery objectives and priorities.
- Execute a recovery plan during or after an IS incident;
- Analyze IS incidents that have been identified or have occurred within and/or outside the organization, consider key lessons learned from these analyses, and update the risk management strategy accordingly;
- Conduct response and recovery planning and testing including with suppliers and third-party providers when applicable; and
- Develop and implement, for the purpose of ensuring the restoration of systems with minimum downtime and limited disruption, a backup policy specifying recovery methods, the scope of the data that is subject to the backup, and the minimum frequency of the backup based on the criticality of information or the sensitivity of the data.

Communication with the Regulator

A PRFI is expected to communicate with BCFSA in a timely manner in the event of a material incident.

- In the event of a material incident, the PRFI should contact BCFSA within 24 hours of determining that an IS incident is material. Thereafter, as soon as possible but within 72 hours of a material incident, the PRFI should provide BCFSA with a written incident report.
- The initial contact with BCFSA can be in the form of a phone call (1-604-218-4367) and may include only a preliminary description of the IS incident and contain fewer details than outlined in the incident report, since some information regarding the incident may not be available at the time.

STEPS FOR SUBMITTING AN INCIDENT REPORT

Step 1. Notification of intent to submit an incident report:

- Notify BCFSA of your intent to submit an incident report by sending an email to infosecincidentreporting@bcfsa.ca. Please include the name and contact information for the PRFI's incident lead and liaison with BCFSA.
- Do not send the incident report or include any sensitive information about the incident in your notification email.

Step 2. Receive secure link to submit an incident report:

- Once BCFSA receives the notification email, you will receive a secure SharePoint link to upload the incident report and other correspondence pertaining to the incident.
- The content of the IS incident report is described in the "Information Security Incident Reporting Information" section of this guideline.

Determining if an Information Security Incident is "Material"

An IS incident should be of a certain degree of severity for it to be reported to BCFSA. The determination of the severity of an event is made by the PRFI and should relate to the impact that the incident will have on the PRFI's members, users, consumers, or the general public. In assessing the severity of a specific incident, the PRFI may want to consider the following factors, among others.

Is this an incident that:

a) Has been reported, or is reasonably expected to be reported, to the press or to the PRFI's members, users, or participating organizations with potential for a negative reputational impact?

b) Results in significant operational impacts to key/critical information systems or data?

c) Materially affects a PRFI's operational or customer data, including confidentiality, integrity, or availability of such data?

d) Has a significant operational impact on internal users that is material to clients or business operations?

e) Causes significant levels of system/service disruptions to critical business systems?

f) Is affecting a significant or growing number of customers[5]?

g) Will have a material impact on critical deadlines/obligations in financial market settlement or payment systems (e.g., financial market infrastructure, retiree payments)?

[5] The term customers includes, amongst others, depositors, and policy holders.

h) May have a significant impact on a third party?

i) Has been reported to another regulator or other authorities?

MATERIAL INCIDENT EXAMPLES

The following are examples of incidents that should be reported as material incidents. These examples are provided for illustrative purposes only and are not intended to be exhaustive.

Scenario Name	Scenario Description	Impact
Cyber Attack	An account takeover botnet campaign is targeting online services using new techniques, and current defenses are failing to prevent customer account compromise.	• High volume and velocity of attempts • Current controls are failing to block attack • Customers are locked out • Indication that accounts have been compromised
Service Availability & Recovery	There is a technology failure at a data centre.	• Critical online service is down and the alternate recovery option failed • Extended disruption to critical business systems and operations
Third Party Breach	A material third party's system is breached, and the PRFI is notified that the third party is investigating.	• Third party is designated as material to the PRFI • Material impact to PRFI data is possible
Extortion Threat	A PRFI has received an extortion message threatening to perpetrate a cyber attack (e.g. Distributed Denial of Service attack unless a Bitcoin payment is received)	• Threat is credible • Probability of critical online service disruption
Internal Breach	An employee or contractor has intentionally or inadvertently caused sensitive data to be accessed, destroyed, modified, or made inaccessible.	• Indications that accounts have been compromised.

Information Security Incident Reporting Information

A PRFI is expected to provide sufficient details of material incidents to allow BCFSA to understand the scope and impact of the incident and mitigation actions taken or planned.

Where specific details are unavailable at the time of the written report, the PRFI should indicate “information not yet available.” In such cases, the PRFI should provide best known estimates and all other details available at the time.

Details to report should include the following:

- Date and time the incident was assessed to be material;
- Date and time/period in which the incident took place;
- Incident type (for example, internal breach, malware, data breach, extortion, etc.);
- Incident description, including:
    - Known direct/indirect impacts (quantifiable and non-quantifiable) including privacy and financial,
    - Known impact to one or more business segment, business unit, line of business or regions, including any third party involved,
    - Whether the incident originated at a third party or has an impact on third party services, and
    - Number of members or clients impacted;
- Primary method used to identify the incident;
- Current status of incident;
- Date for internal incident escalation to senior management, or Board of Directors;
- Mitigation actions taken or planned;
- Known or suspected root cause; and
- Name and contact information for the PRFI incident lead and liaison with the BCFSA.

Note: No personally identifiable information regarding plan members should be included in the report.

SUBSEQUENT REPORTING EXPECTATIONS

PRFIs should provide BCFSA with regular updates as new information becomes available, and until all material details about the incident have been provided. The method and frequency of these updates should be established through discussions with BCFSA considering the severity, impact, and velocity of the incident.

Until the incident is contained/resolved, PRFIs should provide to BCFSA situation updates, including any short term and long-term remediation actions and plans.

Following incident containment, recovery, and closure, the PRFI should report to BCFSA on its post incident review and lessons learned.

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