

THE FINANCIAL SERVICES ROUNDTABLE



BITS

FINANCIAL SERVICES
R O U N D T A B L E

December 20, 2002

Richard A. Clarke, Chairman
Howard Schmidt, Vice Chairman
President's Critical Infrastructure Protection Board
The White House
Washington, DC 20502

Re: Comment on the Draft National Strategy to Secure Cyberspace

Dear Dick and Howard:

BITS and The Financial Services Roundtable (FSR) appreciate the opportunity to comment on the "Draft National Strategy to Secure Cyberspace." BITS and FSR members commend the Administration for taking a leadership role by focusing on the importance of cyber security and strengthening our nation's critical infrastructure. BITS and FSR represent 100 of the largest integrated financial services institutions providing banking, insurance and investment products and services to American consumers and corporate customers. BITS is the technology group for the Roundtable, serving as the strategic brain trust for the financial services industry where commerce, financial services and technology intersect. FSR is an advocacy and lobbying organization, using grassroots power, knowledge and experience to help shape public policy.

The Financial Services Sector Coordinating Council for Critical Infrastructure Protection and Homeland Security (FSSCC) submitted a comment letter on the National Strategy on November 18. BITS contributed to the FSSCC's comment letter and concurs with it. This subsequent comment letter is intended to provide detailed feedback on the National Strategy, including comments on each of the 86 recommendations and 44 discussion points identified in the Draft National Strategy. Attached are two appendices that list each recommendation and discussion item and the reaction of BITS members. These appendices are based on an analysis by Mellon Financial Corporation (in support of CEO Martin McGuinn's participation in the President's National Infrastructure Assurance Council). BITS vetted, amended, and validated these appendices with BITS/FSR members. BITS/FSR members generally support the scope of the National Strategy and its emphasis on raising awareness among levels of cyberspace users and many sectors. The following are additional comments for consideration by the Administration in developing the next version of the National Strategy.

Address Critical Interdependencies. BITS/FSR members applaud the Administration for focusing on the key interdependencies with other critical infrastructure providers. A significant vulnerability that surfaced during September 11 was the dependence on telecommunications providers. BITS is currently working with BITS/FSR members, telecommunications companies, other sector associations, and representatives of federal agencies to develop a background paper and action plan to address the financial services industry's concerns regarding telecommunications service reliability, inadequate back-up diversity for the most critical financial services and transactions, and the lack of economic resources to make important infrastructure improvements. These are complex problems that require close collaboration across critical infrastructure sectors and with the government. We hope that the President's National Strategy will incorporate and support national efforts to resolve these problems.

Improve Information Sharing. BITS/FSR members encourage the Administration to implement effective information exchanges between the government and the financial services sector. BITS/FSR members also support efforts to establish more robust information-sharing processes that quickly provide information and analysis on cyber security vulnerabilities, risks, and risk mitigation strategies to a larger universe of financial services organizations.

Harmonize Cyber and Physical Security. BITS/FSR members encourage the Administration to harmonize physical and cyber protection strategies as the Administration continues to implement the Homeland Security Act and the Reorganization Plan for the Department of Homeland Security. As senior Administration officials have noted on several occasions, one of the worst-case terrorist scenarios is a simultaneous attack on our nation's physical and cyber infrastructure. Without adequate coordination, our sector will not be a position to respond to attacks efficiently.

Emphasize Vendors and Service Providers. BITS/FSR members encourage the Administration to place greater emphasis on the role vendors and service providers should play in improving information security. In particular, BITS/FSR members encourage the Administration to focus on the important role of Internet Service Providers. The financial services industry is not alone in relying on partners and third-party service providers to perform critical functions. These partners and third parties are in turn reliant upon other parties and may subcontract part of the business. As a result, establishing processes for managing the risks associated with outsourcing and other third-party relationships is critical to safe and sound delivery of critical financial services. In response to these risks, BITS developed the *BITS Framework for Managing Technology Risk for IT Service Provider Relationships*. The *Framework* covers most aspects of managing IT control, design and management practices where IT services are under consideration for outsourcing or have been outsourced. The *Framework* is intended to be used as a reference to stimulate firms to ask the right questions and to complement individual institution risk management policies. In November 2002, BITS' Security Assessments Project Team published for comment an Expectations Matrix designed to outline a high level set of industry expectations for service provider operations. Once finalized, this Expectations Matrix will allow service providers to document their practices, processes, and controls in the context of the industry's and regulators' requirements.

Adopt Market-Based, Risk Management Approach. BITS/FSR members encourage the Administration to apply market- and risk-based approaches in developing risk mitigation strategies.

Thank you for considering the views of BITS/FSR on these important issues. If you have any further questions or comments on these matters, please do not hesitate to contact me or John Carlson, BITS Senior Director at (202) 289-4322.

Sincerely,

Catherine A. Allen
CEO, BITS

Attachment

cc: Andy Purdy, Deputy to the Vice Chair, Office of Cyberspace Security