



August 20, 2018

Sent via Email

Mark Carney
Chair
Financial Stability Board
Bank for International
Settlements CH-4002
Basel,
Switzerland
fsb@fsb.org

Re: Consultative Document: *Cyber Lexicon*

Dear Chair Carney:

World Council of Credit Unions (World Council) appreciates the opportunity to comment on the Financial Stability Board's (FSB) consultative document *Cyber Lexicon*.¹ Credit unions are cooperative depository institutions and World Council is the leading trade association and development organization for the international credit union movement. Worldwide, there are over 60,000 credit unions in 109 countries with USD 1.8 trillion in total assets serving 223 million physical person members.²

World Council supports the FSB's initiative to develop a Cyber Lexicon to address cyber security and cyber resilience in the financial sector. We also support FSB's draft lexicon and the criteria used to develop it.

World Council urges the FSB, however, to take a proportional regulatory approach in its cybersecurity guidance that does not impose unreasonable compliance burdens on community-based financial institutions, such as credit unions and other mutual depository institutions. Some cybersecurity measures that may be affordable for large, internationally active banks may not be affordable for depository institutions with smaller economies of scale, especially those with less than EUR 10 billion in assets.

We urge the FSB to establish a principles-based approach to cybersecurity that is proportional to an institution's cyber risks and asset size.

¹ Financial Stability Board, *Cyber Lexicon* (July 2018), available at <http://www.fsb.org/2018/07/fsb-publicly-consults-on-cyber-lexicon/>.

² World Council of Credit Unions, *2016 Statistical Report* (2017), available at <http://www.woccu.org/publications/statreport>.

Q1. Are the criteria used by the FSB in selecting terms to include in the draft lexicon appropriate in light of the objective of the lexicon? (See Section 2 for the objective, Section 3.2 for the criteria and the Annex for the lexicon.) Should additional criteria be used?

World Council believes that the FSB's criteria for selecting terms to include in the draft lexicon are appropriate. The FSB's proposed cyber security objectives seek to achieve cross-sector common understanding of relevant cyber security and cyber resilience terminology as well as achieving work to assess and monitor financial stability risks of cyber scenarios, information sharing as appropriate, and work by the FSB and other international standard setting bodies to provide cyber security guidance and best practices.

We support the FSB's selection criteria that focuses the scope of the lexicon on core terms and excludes overly technical terms as well as general business and regulatory terms. Limiting the scope of the lexicon to the highest-level concepts only, and excluding technical terms, will be helpful by limiting the chances of terms being too similar to one another, which could lead to confusion.

Similarly, it is not necessary to include non-cyber-related general business or regulatory terms since these concepts are typically well-defined and well-understood and are not limited to cyber security. We urge the FSB to finalize its selection criteria as proposed.

Q2. Are the criteria used by the FSB in defining the terms in the draft lexicon appropriate in light of the objective of the lexicon? (See Section 3.3 for the criteria.) Should any additional criteria be used?

World Council believes that the FSB's criteria for defining the terms in the draft lexicon are appropriate. As proposed, the FSB's criteria are reliance on existing sources of cyber terminology, using concise, plain language, and using comprehensive definitions that are intended to cover all the key elements necessary to define a term.

We agree that using existing sources and concise, plain language, as well as establishing comprehensive definitions, will help make this Cyber Lexicon more easily understandable to users of this standard. We urge the FSB to finalize its criteria for the definition of terms as proposed.

Q3. In light of the objective of the lexicon, should any particular terms be deleted from, or added to, the draft lexicon? If any particular terms should be added, please suggest a definition, along with any source material for the definition and reasons in support of inclusion of the term and its definition.

World Council believes that the terms in the proposed lexicon are comprehensive

and understandable while remaining at a high level. We do not believe that any proposed terms should be deleted from or added to the draft Cyber Lexicon.

Q4. Should any of the proposed definitions for terms in the draft lexicon be modified? If so, please suggest specific modifications, along with any source material for the suggested modifications and reasons in support thereof.

World Council believes that confusion could result over the similarity of the terms “Cyber Event” and “Cyber Incident.” While the lexicon’s proposed definitions of these two terms are clear—with an “Cyber Event” meaning anything type of cyber occurrence, and “Cyber Incident” meaning a Cyber occurrence that actually or potentially jeopardizes cyber security—the words “incident” and “event” may be confused in practice by users of the standard.

As proposed a “Cyber Incident” would be a subset of “Cyber Event,” with a “Cyber Incident” meaning a “Cyber Event” with potentially bad consequences, even though both “events” and “incidents” are subsets of the term “occurrence.”

Although “incident” can mean “an action likely to lead to grave consequences,” that negative connotation of “incident” is only one of several definitions of “incident.” “Cyber Event” and “Cyber Incident” may be confused by some users in practice because both the words “incident” and “event” can mean an “occurrence” and both “incident” and “event” can have negative connotations.³

World Council believes that “Cyber Occurrence” may be a more easily understood term to convey the definition of “an observable occurrence in an information system” than “Cyber Event” because both “events” and “incidents” are subsets of “occurrences” in plain English.

Q5. Going forward and following the publication of the final lexicon, how should the lexicon be maintained to ensure it remains up to date and a helpful tool?

World Council urges the FSB to update the lexicon periodically through a public consultative process, such as once every five years, in order to ensure that the lexicon keeps up with the rapid pace of computer technological advancement.

While it is not possible to predict the future with certainty, it is likely that there will be changes in cyber terminology over the next five years as information and computer technology, as well as cyber risks, evolve. Periodic public consultations regarding updates to the FSB’s Cyber Lexicon will help maintain the Lexicon’s relevance going

³ Compare, e.g., “Event”, *Merriam-Webster Dictionary* (“an adverse or damaging medical occurrence.”), available at <https://www.merriam-webster.com/dictionary/event>, with “Incident,” *Merriam-Webster Dictionary* (“an action likely to lead to grave consequences especially in diplomatic matters.”), available at <https://www.merriam-webster.com/dictionary/incident>.

forward.

World Council appreciates the opportunity to comment on the Financial Stability Board's *Cyber Lexicon* consultative document. If you have questions about our comments, please feel free to contact me at medwards@woccu.org or +1- 202-508-6755.

Sincerely,

A handwritten signature in black ink that reads "Michael S. Edwards". The signature is fluid and cursive, with the first name "Michael" being the most prominent.

Michael S. Edwards
VP and General Counsel
World Council of Credit Unions