

City Insolvency Discussion Group



Wednesday, 7 September 2016

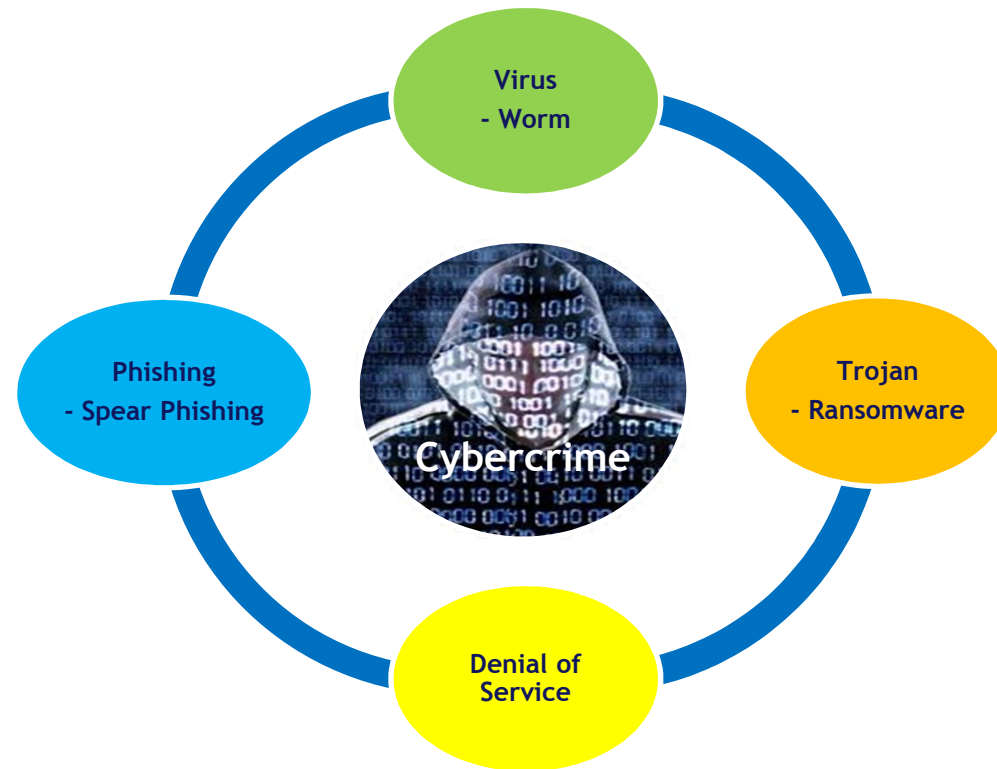
Cybersecurity: How not to get fined, fired or sued.

Presented by

JC van der Walt – Partner, Jackson McDonald
&
Carolyn Moss – Senior Associate, Jackson McDonald

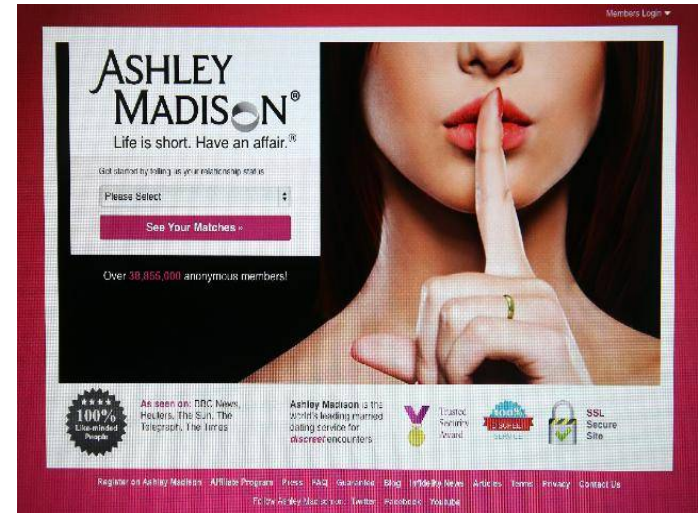


Cybersecurity: How not to get fined, fired or sued





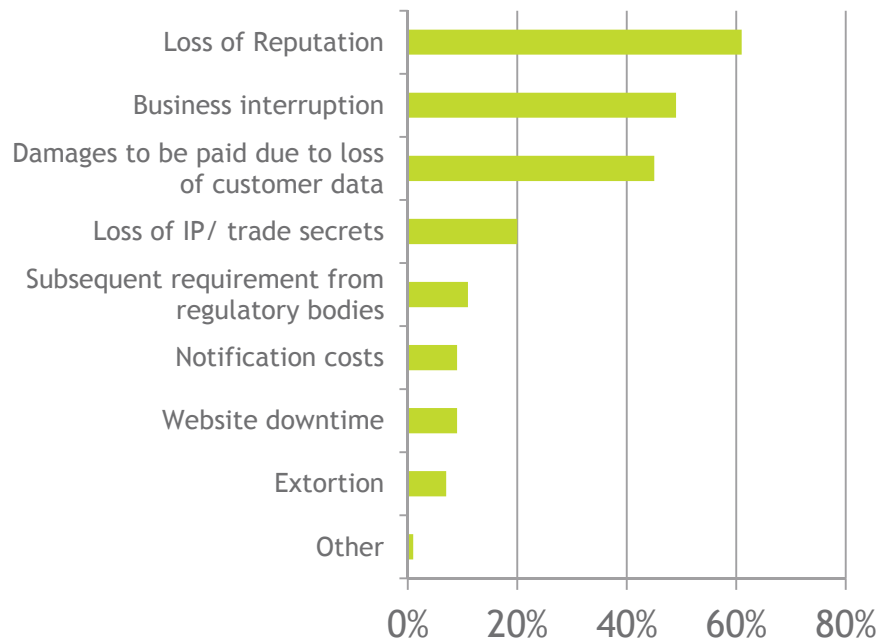
Victims





Cost of Cybercrime

Main Causes of Economic Loss



42.8m

The number of detected cyber-attacks skyrocketed during 2014 – up **48%** at roughly **117,339** incidents per day

\$3.8m

The average cost of data breaches is rising for companies around the world, up from **\$3.5m** a year earlier

\$445bn

Estimated annual cost to the global economy from cyber crime

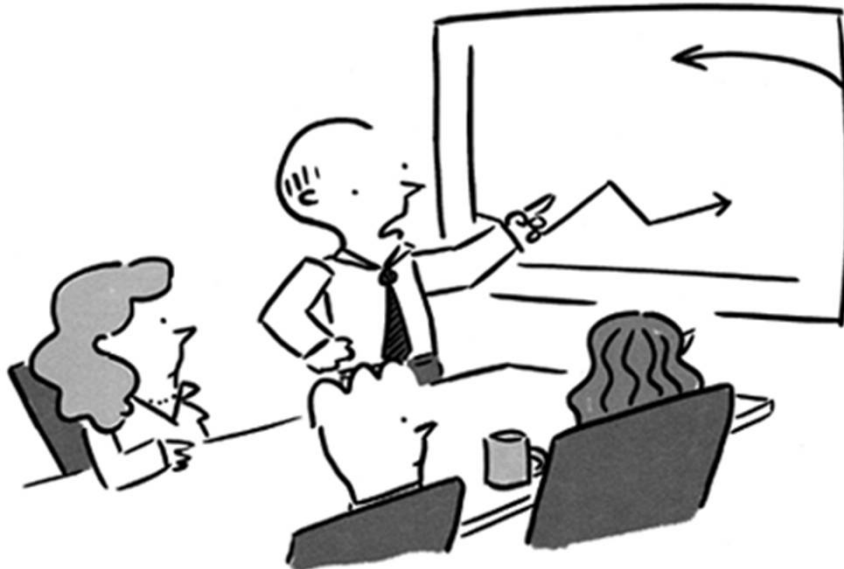
**2016-
↑\$US4m***

* Ponemon- 2016 Cost of Data Breach Study: Global Analysis (Sponsored by IBM)

* Allianz Risk barometer survey: www.agcs.allianz.com/assets/PDFs/Reports/Allianz-Risk-Barometer-2015_EN.pdf



Directors' (and External Administrators') Duties



"Oh, that? We don't know what that is. The plan is to just ignore it and hope it goes away."

- 1. Exercise a reasonable degree of care and diligence**
- 2. Good faith**

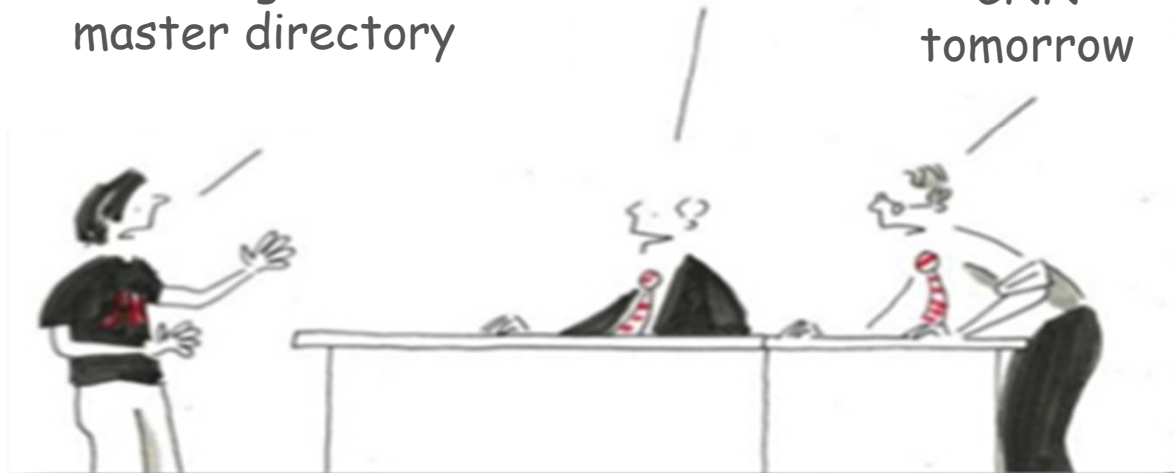


Which one are you?

There was a CGI and hybrid auth exploit that nudged our TCP/IP stacks and gronked our master directory

Ok, that sounds good

Um, he's saying you'll be on CNN tomorrow





- The ASX's Corporate Governance Principles recommend that listed entities:
 - Have a sound risk management framework
 - Have a committee(s) to oversee and manage risks
 - Review risk management framework at least annually
-



Watch this space...

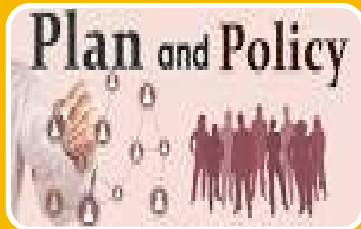


What needs to be done? Discharging duty as a director



Assess - Mission Critical Data Assets

- Access to Critical Data Assets
- Governance
- Policies and procedures
- Culture



Cyber Risk Management Plan

- Governance
- IT Network
- Personal Data
- Incident Response
- Staff
- Compliance
- Insurance



Review



Directors' personal exposure



Civil Litigation

Loss of Position/
Reputation



Consequences

Regulatory
Sanctions/
Declarations

Fines/
Penalties/
Compensation
Orders





1. Directors' Duties Apply to External Administrators
 - Business Judgment Rule
2. Assessment stage:
 - What data assets does the company have?
 - What is the company's cyber resilience?
 - Have there been any cyber breaches?
3. Post-breach reporting/ litigation
 - Is there a need to report to ASIC?
 - What is the chance of an action against the company for a breach?
 - Can there be an action brought on behalf of the company for a breach?



City Insolvency Discussion Group



Chartered Accountant



CHARTERED ACCOUNTANTS
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Next session

Wednesday, 5 October 2016 at 8am