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Sharing Session on Information Security and Data Privacy

11 March 2016

Agenda

1 Data Privacy Update

2 Sharing of Results from the Global State of Information Security Survey 2016

3 “Game of Threats”

4 Q & A



Recent News Headlines Around the World

Hyatt hotels data breach, 250 hotels impacted in 50 countries

January 15, 2016 By Pierluigi Paganini

Tesco hit by cyber attack as thousands of passwords leak

Snapchat Apologizes For Employee Data Leaks After Phishing Attack

Wal-Mart says some pharmacy client data was visible to others online

Lifestyle > Tech > News

Facebook ordered to stop tracking users without their consent by French data regulator

Recent News Headlines in Hong Kong

NEWS • HONG KONG • ECONOMY • PRIVACY

Café de Coral customers' information leaked in email mishap

HKBN fined HK\$30,000 for breaking personal data law

The Switch

VTech says 6.4 million children profiles were caught up in its data breach

NEWS • HONG KONG • LAW & CRIME • CONSUMER AFFAIRS

Is this your credit card? Hong Kong Monetary Authority presses banks over 1.25 million credit cards read by unauthorised parties

TECH • SCIENCE & RESEARCH • HACKING

Top Hong Kong universities caught up in major hack attack on more than 100 global institutions

EU data protection law is changing...

Are you ready?



The European Union (“EU”) agreed the final wording of the **General Data Protection Regulation (“GDPR”)** in December 2015. Companies will have **2 years** to from the adoption of the GDPR to implement all the necessary changes to their systems and operations to meet the new compliance requirements.

What is the GDPR?

- The GDPR was **first proposed in 2012** as a way to create **consistent data privacy laws** in the EU member states.
- The legislation will replace the **1995 Data Protection Directive**, which was a set of recommendations to guide EU countries to create their own laws around data privacy.

Who is subject to the GDPR?

- Every entity that holds or uses European personal data both inside and outside of Europe.
 - The GDPR applies if the **data controller or processor** (organisation) or the **data subject** (person) is based in the EU.
 - It also applies to organisations based **outside the EU** if they process personal data of EU residents.

EU data protection law is changing... Are you ready? (cont'd)



What are the key changes to the EU data protection landscape?

Compliance	<ul style="list-style-type: none">• Accountability - Organisations will need to be able to prove they are complying with the law by producing evidence to support how they are complying.• Organisations have to perform and document privacy impact assessments and privacy audits as a matter of course where the activity poses a specific privacy risk.• Regulators will have the power to audit organisations to verify compliance with the law.
Getting it right from the start	<ul style="list-style-type: none">• Privacy by design - Organisations will need to ensure that personal data is used in a way that is in line with citizens' rights.• Data minimisation - Organisations must only process the minimum amount of personal data necessary for a particular purpose and will be required to implement default settings that minimise data collection to only the personal data that is necessary for that purpose.
Breach Disclosure	<ul style="list-style-type: none">• Organisations will be required to report contraventions of the law to the regulators and to the people affected.
People dedicated to compliance	<ul style="list-style-type: none">• Organisations will be compelled to appoint a Data Protection Officer ("DPO") if one of the following conditions applies:<ul style="list-style-type: none">- The organisation is a public authority.- Part of the organisation's core activity requires regular monitoring of individuals.- Part of the organisation's core activities require large-scale processing of sensitive personal data.• The DPO will act as a contact person for the supervisory authority and will be required to cooperate at the authority's request.

EU data protection law is changing... Are you ready? (cont'd)



What are the key changes to the EU data protection landscape?

Being a supplier	<ul style="list-style-type: none">• Contract - The processing of personal data by a processor must be governed by a contract between the processor and the controller.• The processor will directly be liable for the security of personal data during its processing activities.
Citizens' rights	<ul style="list-style-type: none">• The GDPR contains a heavy emphasis on data subjects' rights.• Right to be forgotten - These include for a data subject to access their personal data, to amend it, and the right to erase personal data that is incorrect or no longer relevant.• Data portability - Another right is that a data subject can request the transfer of their personal data from one service provider to another service provider upon request, which is referred to as data portability.• Other rights enjoyed by a data subject will include subject access without a fee, data rectification and a right to object to data processing.



EU data protection law is changing... Are you ready? (cont'd)



What will happen if it goes wrong?

Consequences of non-compliance with the GDPR could be severe. Regulators will now have authority to issue penalties **up to 4% of annual worldwide turnover.**

A large, red, rectangular stamp with rounded corners and a thick border. The word "FINED" is written in bold, white, uppercase letters across the center of the stamp.



Turnaround and transformation in cybersecurity

Key findings from The Global State of Information Security® Survey 2016
— China and Hong Kong

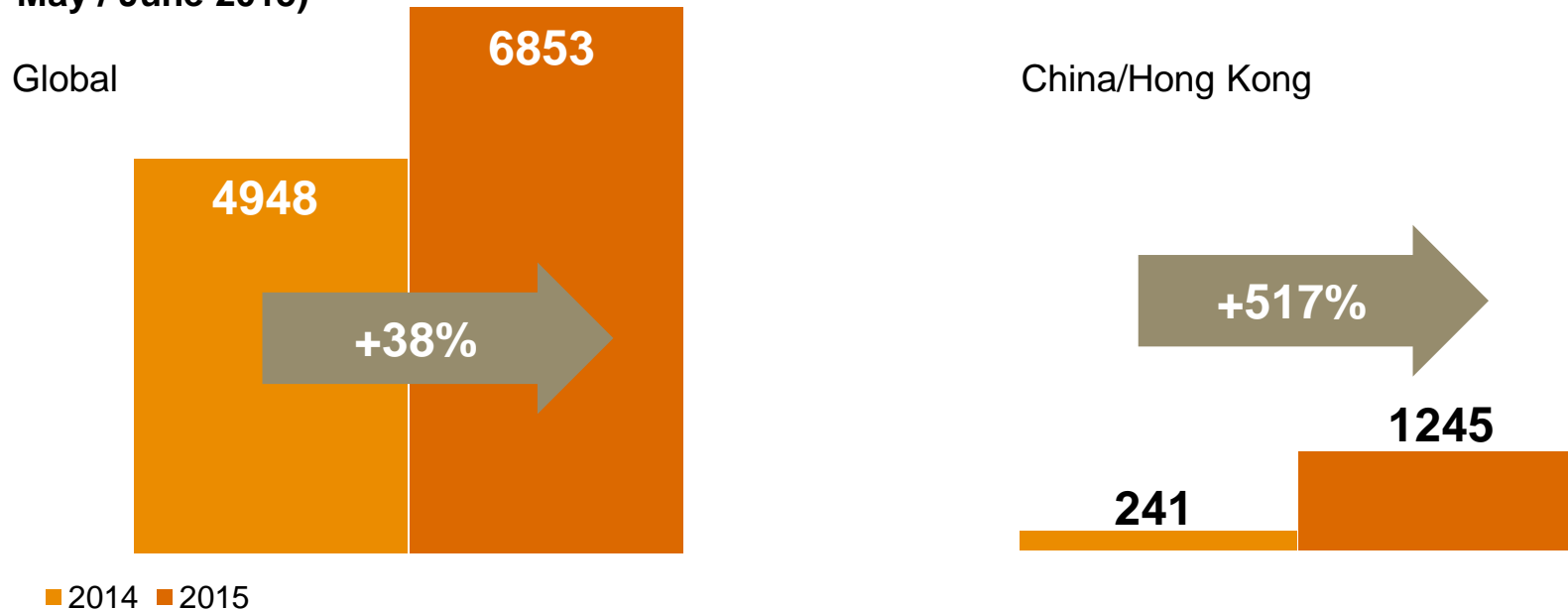


Growing trends of cyber attack in China/Hong Kong

*In 2015, respondents detected a significant increase in cyber security incidents **

While the average number of detected security incidents in China /Hong Kong is much smaller in comparison with the global figure, it has dramatically **increased more than fivefold** of the average last year.

Average number of detected security incidents per respondent in the past 12 months (as at May / June 2015)



* A security incident is defined as any adverse incident that threatens some aspect of computer security.
Question 18: "What is the number of security incidents detected in the past 12 months?"

Companies reported increasing financial costs of cyber security incidents

Cyber security incidents have shown a slight 5% decrease of financial impact on companies globally. However, companies in **China/Hong Kong see a 10% rise** of such financial losses, with the local average figure surpassing the global average.

Average total financial losses as a result of all security incidents detected by each respondent



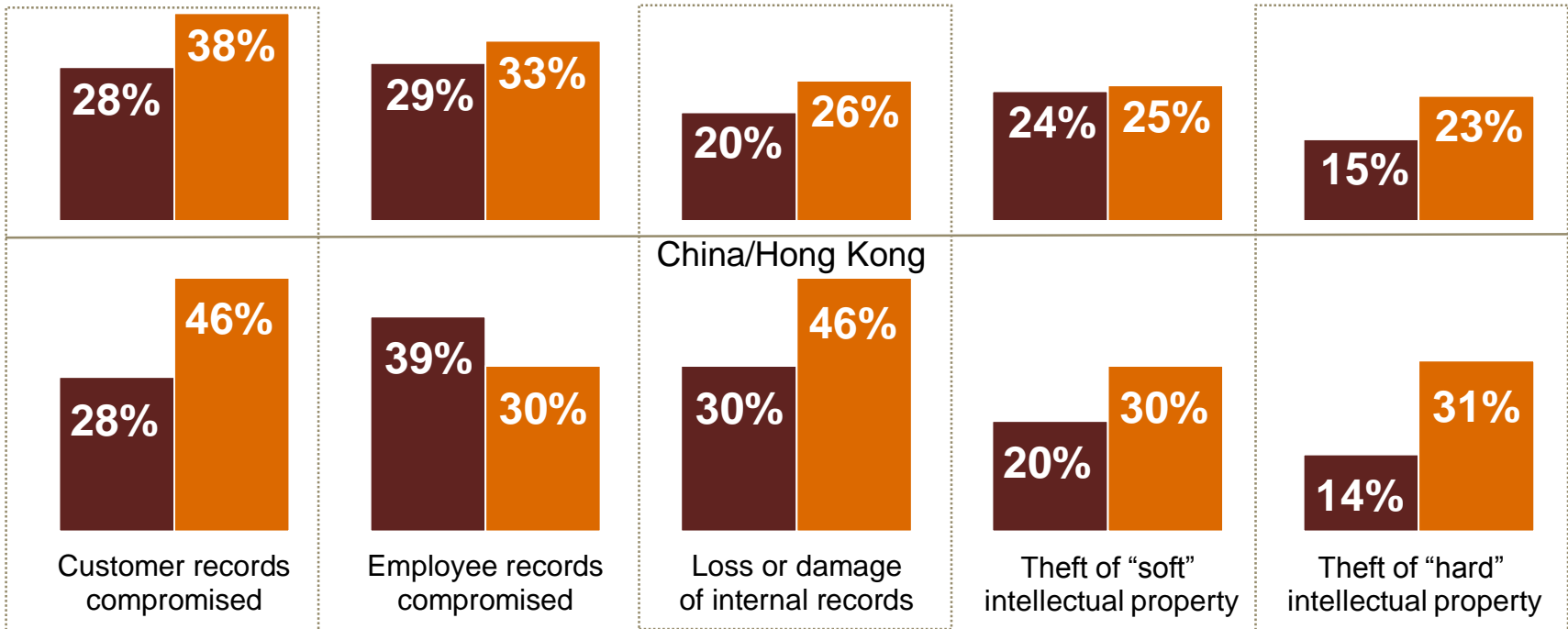
Question 22a: "Estimated total financial losses as a result of all security incidents: (Please answer in US dollars)"

Increasingly, organisations report that customer and internal sensitive data are the primary targets of cyberattacks

While compromise of **customer records** rose 35% globally and **64% in China/Hong Kong**, theft of **internal records** and “**hard**” **intellectual property** like strategic business plans and financial data **increased more than any other** data loss.

Impact of security incidents

Global

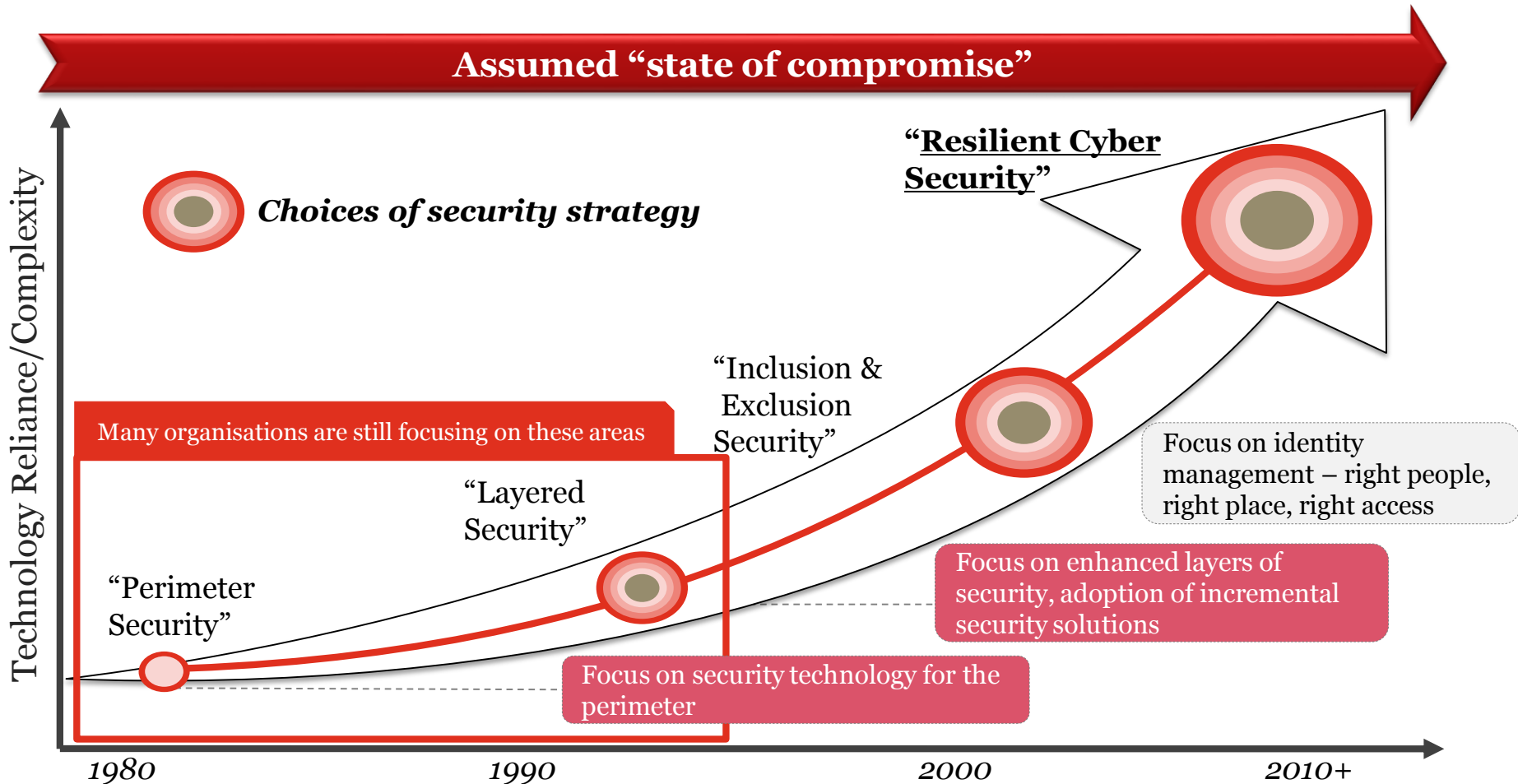


■ 2014 ■ 2015

Question 22: “How was your organization impacted by the security incidents?” (Not all factors shown.)

Re-focus on the latest cyber security challenges

Where do you want to go in the future



*For more information, please visit
www.pwc.com/gsis to explore the data
further.*

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Q & A



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