



Nonbank Cyber and IT Examination Program

American Association of Residential Mortgage
Regulators // August 7, 2019



TODAY'S PRESENTERS

Chuck Cross - SVP Nonbank Supervision & Enforcement, CSBS

Jessica Ruzic - Senior Information Security Policy Analyst, CSBS





MORTGAGE POLICY SUMMIT

Save the Date: AARMR and CSBS are hosting a National Mortgage Policy Summit on November 13.

[Learn More](#)





NATIONAL MORTGAGE POLICY SUMMIT

SPONSORED BY AARMR AND CSBS

NOVEMBER 13, 2019

WASHINGTON, DC

The American Association of Residential Mortgage Regulators (AARMR) and CSBS will host a summit to bring together policymakers, regulators and the industry to elevate the discussion around mortgage policy on November 13 at Jones Day in Washington, DC.

The summit event will include keynote presentations and panels representing viewpoints on mortgage policy at the national level. Invited speakers include members of Congress, federal agency leadership, industry leaders, consumer advocates, state regulators and other policy stakeholders.





REENGINEERING NONBANK SUPERVISION

Chapter Two: Overview of Nonbank Supervision

AUGUST 2019



www.csbs.org / [@csbsnews](https://twitter.com/csbsnews)

Nonbank Cyber and IT Examination Program



CSBS Initiatives

Train Nonbank Examiners in Cybersecurity/IT - \$1.5 million commitment

Develop a cybersecurity model law or regulation for states to adopt

Develop a cybersecurity/IT work program that would cover all nonbanks

Conduct industry outreach and education



Work Group Established

Develop a cybersecurity work program applicable to all nonbanks

Drawing from existing expertise on the banking side and utilizing what already was in use: Bank, MTRA, etc.

Establish a work group of both bank and nonbank experts



WORKING GROUP OVERVIEW

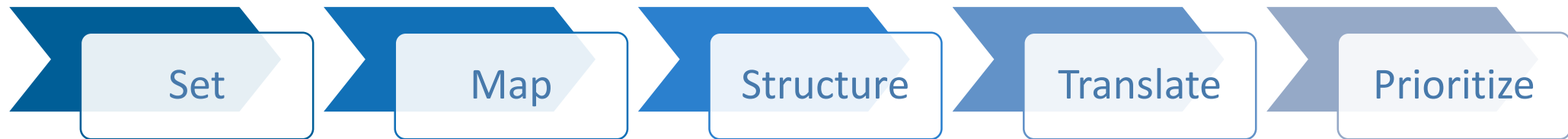
Background

In 2018, the CSBS Board of Directors tasked the State Supervisory Processes Committee with developing cyber exam procedures for all nonbank institutions.

Name	State
Matthew Fujikawa	CA
Robert Lipot	CA
Spenser Staton	IL
Kevin Stouder	IN
Holly Chase	MA
Henry Hallman	NC
Denise Sandy	PA
Crystal Flaten	WA
Hung Nguyen	WA
Phillip Hinkle	TX
Chuck Cross	CSBS
Mary Beth Quist	CSBS
Mike Bray	CSBS
Jessica Ruzic	CSBS



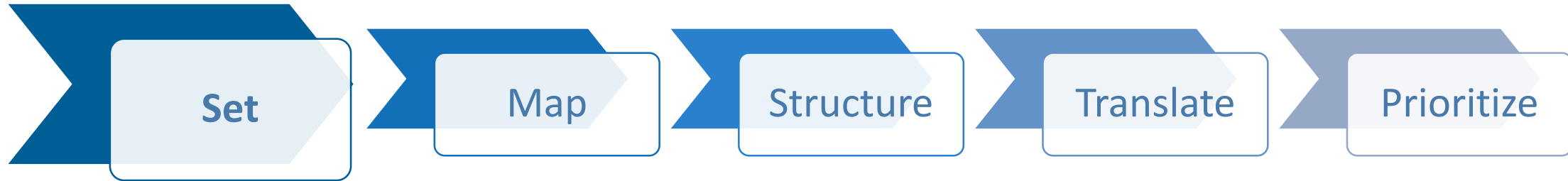
WORKING GROUP OVERVIEW // Process



- Met in-person and online from September 2018 – July 2019
- Leveraged expertise from banking supervision, nonbank, and cybersecurity worlds
- Considerations
 - Wide variety of nonbank institution types
 - Varying state standards
 - Varying degrees of state oversight
 - State resources
 - Versatility and helpfulness



WORKING GROUP OVERVIEW // Process



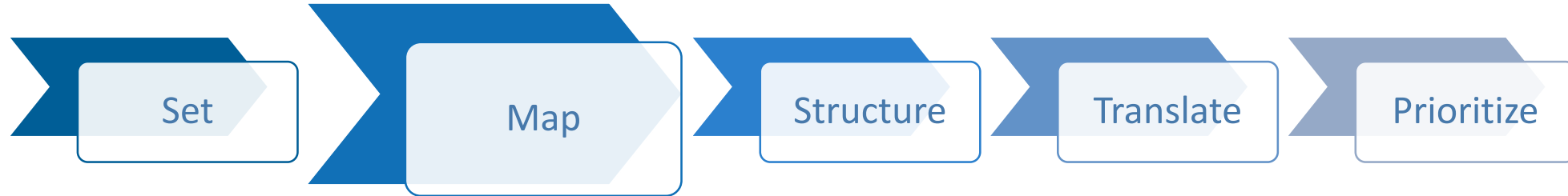
- Discussed what cyber standard would be most comprehensive, understandable, and widely recognized
 - Washington State, CAT, InTREX, CIS Top 20, and NIST 800-53
- Settled on NIST Cybersecurity Framework (CSF)
 - **Capability-based:** Identify, Protect, Detect, Respond, and Recover
 - Allows for true **risk management** and **threat prioritization**
 - Closest to a living, breathing standard



5 YEAR **ANNIVERSARY**



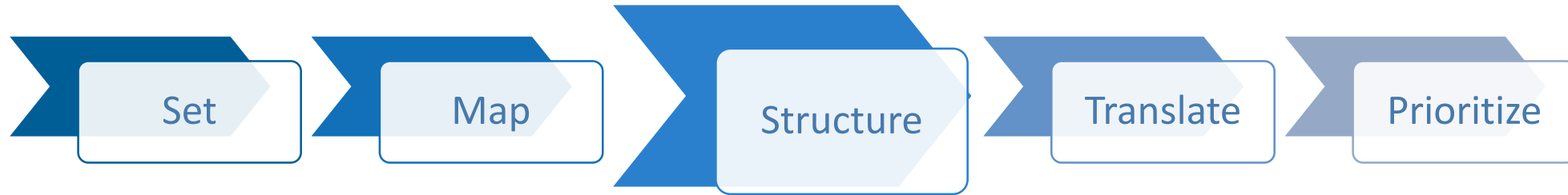
WORKING GROUP OVERVIEW // Process



- Mapped all other standards to the NIST CSF
- Created questions for missing CSF capabilities



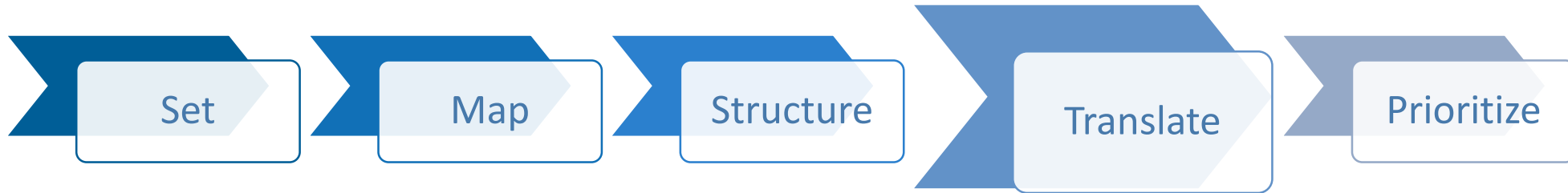
WORKING GROUP OVERVIEW // Process



- Sorted all questions into Identify, Protect, Detect, Respond, and Recover
- Eliminated duplicates
- Adjusted stringency of requirements
- Ended up with 147 controls/exam questions



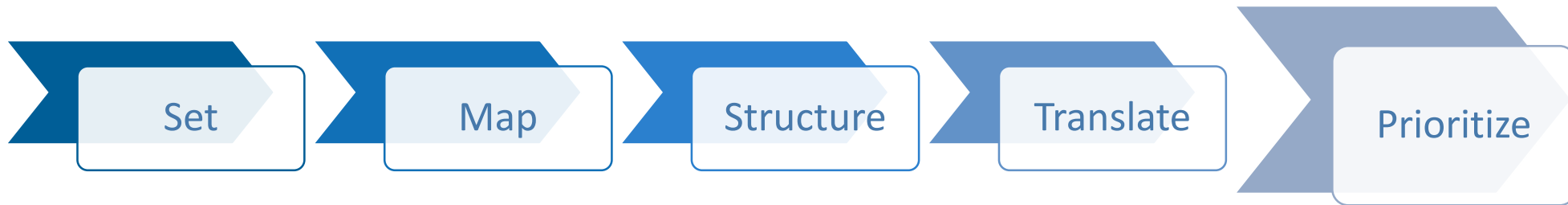
WORKING GROUP OVERVIEW // Process



- Explained the reasoning behind each question
 - Cyber, IT, and/or nonbank examiners
 - Useful for communication with entity employees



WORKING GROUP OVERVIEW // Process



- Established **core controls**, which are mandatory for every exam
 - Establish minimum level of acceptable cybersecurity
 - Primary emphasis on Identify and Protect (preparation)
 - **74/147 core**
- Identified controls for which examination is optional (but encouraged)
 - Decision left to Examiner based on personal expertise, previous exam results, state priorities, and current events
 - **73/147 non-core**



WORKING GROUP OVERVIEW // Result

- Pre-Exam Questionnaire
 - Entity IT and information security information
 - POCs
 - Document Request List
- Nonbank Cyber and IT Workprogram
 - Sorted by NIST function
 - Document Request Checklist
 - Questionnaire Information (including suggestions for non-core controls)
 - Customizable within each worksheet
- **No standardized report**



WALKTHROUGH

Questionnaire and Customizable Workprogram



TRAINING, FEEDBACK, & REVISIONS // Training

- COMING SOON!
- Regulator and industry webinars, handouts, and trainings
- Happening Now: 2019 Conferences

Conference	Dates	Location
AARMR Annual Conference	August 5-8	San Diego, CA
CSBS IT/Cyber Risk	September 9-12	Portland, ME
MTRA Annual Conference	September 9-13	Pittsburgh, PA
NACARA Annual Conference	September 16-18	Santa Fe, NM



TRAINING, FEEDBACK, & REVISIONS //

Feedback & Revisions

- “Agile” process
- Available for use beginning August/September 2019
 - Emailed out
 - Posted on website (password protected)
- Send feedback to targeted CSBS mailbox (TBD)
 - Reviewed at end of each month



CSBS



CYBERSECURITY 101

A Resource Guide for Financial Sector Executives

Find the web version and
downloadable PDF at:

[HTTPS://WWW.CSBS.ORG/CYBER101](https://www.csbs.org/cyber101)



QUESTIONS?

CONTACT US



ccross@csbs.org

mbray@csbs.org

jruzic@csbs.org



Conference of State
Bank Supervisors

1129 20th Street NW
9th Floor
Washington, DC 20036



202.296.2840