Our Ref.:  B1/15C  
          B9/29C

18 May 2021

The Chief Executive  
All Authorized Institutions

Dear Sir/Madam,

Secure Tertiary Data Backup

I am writing to request all authorized institutions (AIs) to critically assess the need for setting up a secure tertiary data backup (STDB) to counter the risk of destructive cyber attacks.

Destructive malwares, including ransomwares, are of growing concern as they can potentially lead to permanent loss, corruption or unauthorised alteration of critical data in both production and backup environments. In light of recent international developments such as the US Sheltered Harbor initiative to address this type of cyber threats, the HKMA has invited the Hong Kong Association of Banks (HKAB) to develop guidelines on STDB that are appropriate for the banking landscape in Hong Kong.

In response to the HKMA’s call, the HKAB formed a STDB Taskforce to oversee the development of the guidelines. After extensive consultation with member institutions, the HKAB issued the “Secure Tertiary Data Backup Guideline” on 30 April 2021. The STDB Guideline provides guidance to banks on the factors they need to take into account in deciding whether to set up an STDB and what implementation issues they need to overcome in ensuring the effectiveness of the STDB. The Guideline covers 8 high-level principles grouped under the headings of Governance, Design and Data Restoration.

The HKMA considers STDB an effective measure to enhance cyber resilience and data security of AIs in Hong Kong. It expects all AIs to critically assess the need for implementing an STDB having regard to their risk exposure and taking into account the principles stipulated in the HKAB’s STDB Guideline.
All retail banks and foreign bank branches with significant operations in Hong Kong are expected to submit a report containing the result of their assessment to the HKMA by 30 November 2021. The HKMA will inform AIs individually if they are required to submit the report and will provide them with details of what information needs to be covered by the report. For locally-incorporated AIs, the assessment report should be endorsed by the board of directors. For foreign bank branches, the assessment should be conducted under the scrutiny of their head office or regional headquarters.

Should you have any questions on the above, please contact Mr Peter Tai at 2597 0876 or Mr Stephen Cheng at 2878 8117.

Yours faithfully,

Arthur Yuen
Deputy Chief Executive