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Governor Cuomo Announces Proposal of First-in-the-Nation Cybersecurity Regulation to Protect Consumers and Financial Institutions

Proposed Rule Aims to Protect Consumer Data and Financial Systems from Terrorist Organizations and Other Criminal Enterprises

Governor Andrew M. Cuomo today announced that a new first-in-the-nation regulation has been proposed to protect New York State from the ever-growing threat of cyber-attacks. The regulation requires banks, insurance companies, and other financial services institutions regulated by the State Department of Financial Services to establish and maintain a cybersecurity program designed to protect consumers and ensure the safety and soundness of New York State's financial services industry.

"New York, the financial capital of the world, is leading the nation in taking decisive action to protect consumers and our financial system from serious economic harm that is often perpetrated by state-sponsored organizations, global terrorist networks, and other criminal enterprises," **said Governor Cuomo**. "This regulation helps guarantee the financial services industry upholds its obligation to protect consumers and ensure that its systems are sufficiently constructed to prevent cyber-attacks to the fullest extent possible."

The proposed regulation is subject to a 45-day notice and public comment period before its final issuance. It requires regulated financial institutions to establish a cybersecurity program; adopt a written cybersecurity policy; designate a Chief Information Security Officer responsible for implementing, overseeing and enforcing its new program and policy; and have policies and

procedures designed to ensure the security of information systems and nonpublic information accessible to, or held by, third-parties, along with a variety of other requirements to protect the confidentiality, integrity and availability of information systems. More details on the regulation can be found [here](#).

The proposed regulation by the Department of Financial Services includes certain regulatory minimum standards while maintaining flexibility so that the final rule does not limit industry innovation and instead encourages firms to keep pace with technological advances.

New York State Department of Financial Services Superintendent Maria T. Vullo said,

"Consumers must be confident that their sensitive nonpublic information is being protected and handled appropriately by the financial institutions that they are doing business with. DFS designed this groundbreaking proposed regulation on current principles and has built in the flexibility necessary to ensure that institutions can efficiently adapt to continued innovations and work to reduce vulnerabilities in their existing cybersecurity programs. Regulated entities will be held accountable and must annually certify compliance with this regulation by assessing their specific risk profiles and designing programs that vigorously address those risks."

Prior to proposing this new [regulation](#), the Department of Financial Services surveyed nearly 200 regulated banking institutions and insurance companies to obtain insight into the industry's efforts to prevent cybercrime. Additionally, it met with a cross-section of those surveyed, as well as cybersecurity experts, to discuss emerging trends and risks, as well as due diligence processes, policies and procedures governing relationships with third party vendors. The findings from these surveys led to three [reports](#) which helped to inform the rulemaking process.

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