



FEDERAL BANKING AGENCIES ISSUE JOINT CYBERSECURITY NOTIFICATION RULE

The Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency, and Federal Reserve Board issued a joint rule in the wake of significant data security incidents and cyberattacks in the financial services sector.

The Computer-Security Incident Notification Rule (“the Rule”) requires banking organizations to report to their relevant federal regulator any computer-security incidents that rise to the level of a “notification incident” within 36 hours. The Rule specifically calls out ransomware and DDOS attacks as potential notification incident.

The Rule also requires that bank service providers notify their banking organization customers of computer-security incidents that materially disrupt services subject to the Bank Service Company Act.

The Rule is likely to affect the operations of both banking organizations and bank service providers. Banking organizations and service providers should closely review the definitions the Rule to determine whether they fall within its scope. Moving forward, covered entities may see relevant notification provisions in new and existing service contracts, especially in any contract involving bank service providers.

Covered entities will also want to ensure that they create internal policies and procedures for monitoring for computer-security incidents, assessing if a computer-security incident requires notification, and designating steps to provide notice to relevant parties in compliance with the Rule.

If you have any questions about the Rule or developing procedures for compliance with the rule, please do not hesitate to contact us. ☐

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