



Treasury Committee

House of Commons, Committee Office 14 Tothill Street, London SW1H 9NB

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Ciaran Martin Esq
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National Cyber Security Centre
Hubble Road, Cheltenham
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7 December 2016

Dear Ciaran,

Cyber Security in the Financial Services Sector

Legacy systems, human error and deliberate attack have resulted in unacceptable interruptions to vital banking services, and weakened the public's confidence in the banking system as a whole. The recent attack on Tesco Bank is only the latest example of criminals exploiting vulnerabilities in the banking industry's IT systems.

It has been two months since the body which you head was created. On the basis of what is available in the public domain, the lines of responsibility and accountability for reducing cyber threats still appear to be somewhat opaque. Responsibility is shared among a number of bodies, primarily the PRA, the FCA and GCHQ. In practice, the other regulators are inevitably dependent on the flow of information, and the underlying quality of the work, from GCHQ. GCHQ's statutory line of accountability is through the Foreign Secretary; those of the PRA and the FCA are to the Treasury and Parliament. Understandably enough, the Foreign Secretary's priorities may be towards the need to address state-sponsored cyber-crime and terrorism, not commercial cyber-crime and fraud.

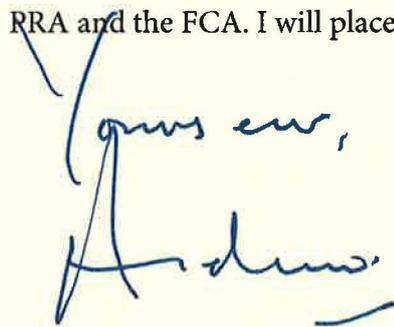
In the light of the above, it is for consideration whether a single point of responsibility for cyber risk in the financial services sector, with full ownership of - and accountability for -

financial cyber threats is now required. It may be necessary to create a line of accountability to the Treasury for financial cyber-crime. Any new arrangements would need to respect the current statutory responsibilities of the financial regulators. I would be grateful if you could give careful consideration to this suggestion.

It would also be helpful if you could set out your objectives, beyond the very general guidance given on page 4 of the NCSC prospectus. What powers does the NCSC have to secure its objectives by means of meaningful improvements in cyber risk management in firms?

The problem of outdated IT infrastructure in UK banks is an enduring problem. In your speech of 13 September you said that a "strategic solution" to making such systems secure could "only come when they are replaced". Do you consider it to be the job of the NCSC to devise a detailed strategy, in cooperation with the banking sector, to replace legacy computer systems?

I am copying this letter to the Chancellor, the Foreign Secretary and Chief Executives of the RRA and the FCA. I will place this letter, and your response, into the public domain.

A handwritten signature in blue ink, appearing to read 'Andrew Tyrie', with a large initial 'A' and a flourish at the end.

RT HON ANDREW TYRIE MP
CHAIRMAN OF THE TREASURY COMMITTEE