Short Minutes Episode 60 - Transcript

Cyber security obligations – the message is clear

The case of *ASIC v RI Advice Group* highlights the importance of cyber security and the implications of not having adequate security measures in place.

Financial services provider RI had experienced a number of cyber security incidents between 2014 and 2020. This included hacking, ransomware, phishing emails, and most significantly, unauthorised access to RI's server. This resulted in the personal information of thousands of clients being used maliciously and without authority.

The court found that RI had breached its licence obligations by failing to take appropriate steps to ensure adequate cybersecurity risk management systems and cyber resilience. RI was ordered to pay $750,000 towards ASIC's costs and, at its own expense, engage a cybersecurity expert to identify any further cyber security measures necessary for RI to implement.

In handing down her decision, Justice Rofe noted that "cyber security risk forms a significant risk connected with the conduct of the business and the provision of financial services". While it is not possible to reduce cyber security risk to zero, her honour said it was "possible to materially reduce cyber security risks through adequate cyber security documentation and controls to an acceptable level".

This case illustrates the importance of robust cyber security and the willingness of regulators to adapt existing regulatory and legislative tools to new problems.

While the case concerned an Australian Financial Services Licensee, the message has broader application. It is clear that increasing obligations will be placed on businesses, particularly those holding sensitive and confidential information.

There are a number of simple steps you can take now to manage the risk associated with cyber security:

- Have a cyber incident response plan in place
- Schedule regular data backups and test the integrity of these backups regularly
- Use a Virtual Private Network to ensure a safe internet connection
- Ensure your mobile device is updated and backed up regularly
- Set up multifactor authentication on all devices
- Refer to Lawcover's cyber resources

I'm Malcolm Heath

Australian Securities and Investments Commission v RI Advice Group Pty Ltd [2022] FCA 496