



Central Depository Services (India) Limited

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COMMUNIQUÉ TO DEPOSITORY PARTICIPANTS

CDSL/OPS/DP/POLCY/2020/530

December 09, 2020

SEBI ADVISORY- FINANCIAL SECTOR ORGANIZATIONS REGARDING SOFTWARE AS A SERVICE (SaaS) BASED SOLUTIONS

As per the SEBI Circular No. SEBI/HO/MIRSD2/DOR/CIR/P/2020/221 dated November 03, 2020 regarding Advisory for Financial Sector Organizations regarding Software as a Service (SaaS) based Solutions SEBI has advised to implement the following measures:

1. Depository Participants are advised to take note of the Advisory issued by Indian Computer Emergency Response Team (CERT-in) for Financial Sector Organisation as enclosed with the above SEBI circular, which shall be applicable with immediate effect.

2. Point nos. 3 & 4 of the above SEBI Circular states as under:

Point No. 3 - It is advised to ensure complete protection and seamless control over the critical systems at your organizations by continuous monitoring through direct control and supervision protocol mechanisms while keeping the critical data within the legal boundary of India.

Point No. 4 - The compliance of the advisory shall be reported in the half yearly report by stock brokers and DP to stock exchanges and depositories respectively and by direct intermediaries to SEBI with an undertaking, "Compliance of the SEBI circular for Advisory for Financial Sector Organizations regarding Software as a Service (SaaS) based solutions has been made."

3. In accordance with point no. 4 of the SEBI circular as mentioned above, amendments are made in the Compliance Certificate to be submitted by DPs on half yearly basis through auditweb i.e. <http://auditweb.cdslindia.com/login.aspx> . Modified format of Half Yearly Compliance Certificate is enclosed as HCC Format.
4. Revised format of Compliance Certificate shall become applicable from the half year ended December 31, 2020 and onwards.
5. DPs are advised to take note of the above and ensure compliance.



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Queries regarding this communiqué may be addressed to **CDSL – Helpdesk**: on telephone numbers (022) 2305-8624, 2305-8639, 2305-8642, 2305-8663, 2305-8640, 2300-2041 or 2300-2033. Emails may be sent to: helpdesk@cdslindia.com.

sd/-

Rajesh Nadkarni
Chief Information Security Officer

CIRCULAR

SEBI/HO/MIRSD2/DOR/CIR/P/2020/221

November 03, 2020

All Stock Brokers through exchanges
All Depository Participants through Depositories
All Merchant Bankers
All Registrar to an Issue and Share Transfer Agent
All Debenture Trustee
All Credit Rating Agencies
All Bankers to an issue
All STP Service Providers
All Approved Intermediaries

Dear Sir / Madam,

Sub: Advisory for Financial Sector Organizations regarding Software as a Service (SaaS) based solutions

1. Ministry of Electronics & Information Technology, Govt. of India (MoE&IT), has informed SEBI that the financial sector institutions are availing or thinking of availing Software as a Service (SaaS) based solution for managing their Governance, Risk & Compliance (GRC) functions so as to improve their cyber Security Posture. As observed by MoE&IT, though SaaS may provide ease of doing business and quick turnaround, but it may bring significant risk to health of financial sector as many a time risk and compliance data of the institution moves beyond the legal and jurisdictional boundary of India due to nature of shared cloud SaaS, thereby posing risk to the data safety and security.
2. In this regard, Indian Computer Emergency Response Team (CERT-in) has issued an advisory for Financial Sector organizations. The advisory has been forwarded

to SEBI for bringing the same to the notice of financial sector organization. The advisory is enclosed at [Annexure A](#) of this circular.

3. It is advised to ensure complete protection and seamless control over the critical systems at your organizations by continuous monitoring through direct control and supervision protocol mechanisms while keeping the critical data within the legal boundary of India.
4. The compliance of the advisory shall be reported in the half yearly report by stock brokers and DP to stock exchanges and depositories respectively and by direct intermediaries to SEBI with an undertaking, "Compliance of the SEBI circular for Advisory for Financial Sector Organizations regarding Software as a Service (SaaS) based solutions has been made."
5. The advisory annexed with this circular shall be effective with immediate effect.
6. This circular is issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully

Anupma Chadha

Dy. General Manager

Phone:022-26449319

Email: anupmac@sebi.gov.in

Annexure A

TLP: AMBER

CERT-Fin Advisory- 201155100308

Advisory for Financial Sector Organisations – RBI and SEBI

Overview

It has been learnt that some of the financial sector institutions are availing or thinking of availing Software as a Service (SaaS) based solution for managing their Governance, Risk & Compliance (GRC) functions so as to improve their cyber security posture. Many a time the risk & compliance data of the institution moves cross border beyond the legal and jurisdictional boundary of India due to the nature of shared cloud SaaS. While SaaS may provide ease of doing business and quick turnaround, it also brings significant risk to the overall health of India's financial sector with respect to data safety and security.

Description

If the following data sets fall in the hands of an adversary/cyber attacker, it may lead to unprecedented increase in the attack surface area and weakening of Indian financial sector infrastructure's overall resilience.

- Credit Risk Data
- Liquidity Risk Data
- Market Risk Data
- System & Sub-System Information
- Internal & Partner IP Schema
- Network Topography & Design
- Audit/Internal Audit Data
- System Configuration Data
- System Vulnerability Information
- Risk Exception Information
- Supplier Information & it's dependencies related Data

Solution

The Financial Sector organisations may be advised to protect such critical data using layered defence approach and seamless protection against external or insider threat. The organisations may also be advised to ensure complete protection & seamless control over their critical system by continuous monitoring through direct control and supervision protocol mechanisms while keeping such critical data within the legal boundary of India.

The organisations may also be requested to report back to their respective regulatory authority regarding compliance to this advisory.

It is requested that you may kindly keep CERT-In informed of the actions taken and periodically provide the updated compliance to this advisory.

(It may be noted that TLP Amber means: Limited disclosure, restricted to participants' organizations.

When should it be used: Sources may use TLP:AMBER when information requires support to be effectively acted upon, yet carries risks to privacy, reputation, or operations if shared outside of the organizations involved.

How may it be shared: Recipients may only share TLP:AMBER information with members of their own organization, and with clients or customers who need to know the information to protect themselves or prevent further harm. Sources are at liberty to specify additional intended limits of the sharing: these must be adhered to.)

Audit Type = HALF YEARLY COMPLIANCE CERTIFICATE
 Audit Month = December-2020
 DP Name(ID) = DPID – DP Name

Sub:- Compliance Certificate for the period From (01 Jul 2020) To (31 Dec 2020)

1. I, _____ as a Compliance Officer, hereby certify that the depository operations of the DP (including live connected branches) are in compliance with all applicable laws and especially with respect to the following:

- (a) The Depositories Act, 1996;
- (b) The SEBI (Depositories and Participants) Regulations, 2018;
- (c) The Bye Laws and Operating Instruction of CDSL.
- (d) Directives / Circulars / Communiques / Classifications / Guidelines issued by SEBI, the Government of India, Regulatory Bodies and CDSL from time to time.
- (e) Prevention of Money Laundering Act, 2002 and the Rules and Guidelines notified thereunder by SEBI or Statutory /Regulatory Authorities.

2. Fit and Proper Status:

I _____ (Name of the Compliance Officer) hereby certify that the <DP Name>, its directors and the key management persons are fit and proper as per regulation 23(2) of the SEBI (Depositories and Participants) Regulations, 2018 read with the criteria specified under regulation 20 of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018.

3. I _____ (Name of the Compliance Officer) hereby undertake that compliance of the SEBI Circular for Advisory for Financial Sector Organizations regarding Software as a Service (SaaS) based solutions has been made by <DP Name and DP ID>.

4. Activities in which the participant has not been in Compliance, if any, are as under:

Sr. No.	Activities in which the Participant has not been in compliance	Steps taken to ensure compliance in future

Name and Designation of Compliance Officer :
 Signature of Compliance Officer :