

2016 ANNUAL REPORT

STRENGTH IN SHARING
expanding the trust

LETTER FROM THE PRESIDENT & CEO



With today's dynamic and constantly changing cybersecurity and physical security landscape, the role of FS-ISAC has never been more important.

The theme of 2016 for FS-ISAC was: Strength in Sharing: Expanding the Trust. From expanding services for members, to improving the relationship with government partners around the world and developing communities of interest, to paving the way for sector-to-sector sharing, FS-ISAC took many substantial steps to improve the ecosystem for information sharing.

At nearly 7,000 members globally, FS-ISAC has expanded its membership in 38 countries with a user base in 72 countries.

While 2016 proved that there is indeed 'Strength in Sharing,' the FS-ISAC Board and staff continue to lay a robust foundation for the next generation of information sharing and sector resilience. These efforts will 'expand the trust' even more broadly.

During 2017, expect to see a concerted focus on threat analysis, additional regional efforts and new partnerships, products and technologies that take information sharing to the next level.

Thanks for your ongoing support,
Bill Nelson

HIGHLIGHTS

from 2016

MISSION STATEMENT

The Financial Services Information Sharing and Analysis Center (FS-ISAC), established in 1999, is a non-profit, member-driven corporation. FS-ISAC's mission is to help assure the resilience and continuity of the global financial services infrastructure and individual firms against acts that could significantly impact the sector's ability to provide services critical to the orderly function of the global economy. FS-ISAC shares threat and vulnerability information, conducts coordinated contingency planning exercises, manages rapid response communications for both cyber and physical events, conducts education and training programs and fosters collaborations with and among other key sectors and government agencies.

Enhanced information sharing for community institutions, broker dealers and insurance companies

Expanded regional sharing programs in EMEA, Asia-Pacific and the Americas

Announced several key initiatives to improve the overall systemic resilience of the sector including the Financial Systemic Analysis & Resilience Center (FSARC) and Sheltered Harbor

Expanded financial services sector exercises; including the Cyber-Attack Against Payment Systems (CAPS) exercises in North America, EMEA, and Asia-Pacific with thousands of participants globally, and a series of "Hamilton Series" cybersecurity exercises

Improved our physical security and business resilience capabilities through augmentation of support for regional coalitions

Worked to mentor the next generation of cybersecurity professionals through our new scholarship, training and education programs

Continued to evangelize the importance of building a 'community defense' model. During 2016 alone, the organization's executive team and staff presented at 273 conferences, association meetings, webinars, board meetings and other events

I can't express how valuable I find the information that is shared on the lists, including the tools. It's great to hear other opinions about issues we all face today.

Community Institution Member

The keynote at this Summit was absolutely amazing!

Credit Card Brand Member

The *Risk Summary Reports* are incredibly helpful. Thank you for all that you do to protect community banks like ours.

Community Institution Member

I go to many cyberrelated events around the country, and the FS-ISAC Summit was one of the very best in terms of content and organization.

Summit Attendee

FS-ISAC has been of immense value to our organization in proactively having a forum for members to share key information about emerging threats and approaches to prevent, detect and most importantly, socialize the importance of investment in the technology, processes and people to address the various risks we face in our organizations.

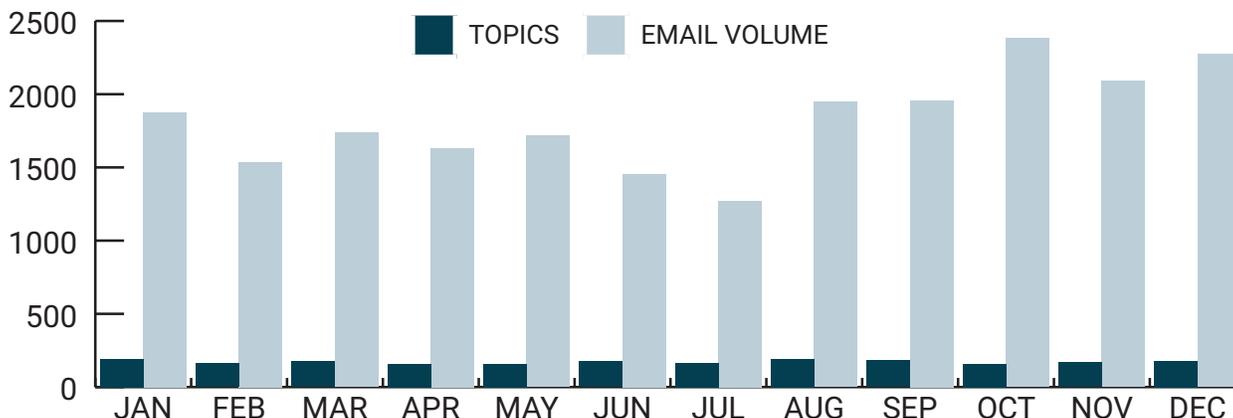
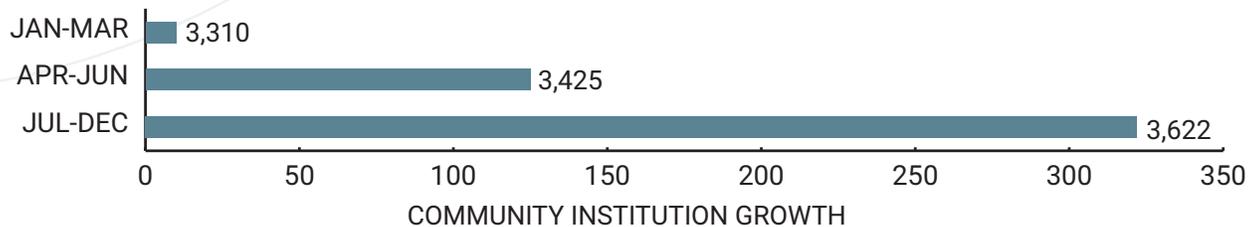
Mortgage Lending Member

EXPANDING

trust within community institutions

Community Institutions (small financial organizations) and Credit Unions continue to play a vital role at FS-ISAC, making up more than half of FS-ISAC's membership. Established in 2012, the Community Institution Council (CIC) remains the single largest and most active community within FS-ISAC. Open to both Credit Unions and Community Institutions, the CIC membership currently tops 3,600 member institutions, nearly 25% growth since the beginning of 2016. Looking forward, FS-ISAC is excited to launch the Credit Union Council (CUC) in 2017. While the credit unions may opt into the CIC, the CUC will focus on the unique needs and requirements that credit unions face by leveraging the more than 450 credit unions within the FS-ISAC.

	CIC
YEAR FORMED	2012
MEMBERSHIP AS OF 12/31/2016	3,622
GROWTH	+25% since January
FREQUENCY OF COUNCIL MEETINGS	Monthly
MONTHLY DISTRIBUTION LIST TOPICS	170
MONTHLY DISTRIBUTION LIST POSTS	1,776

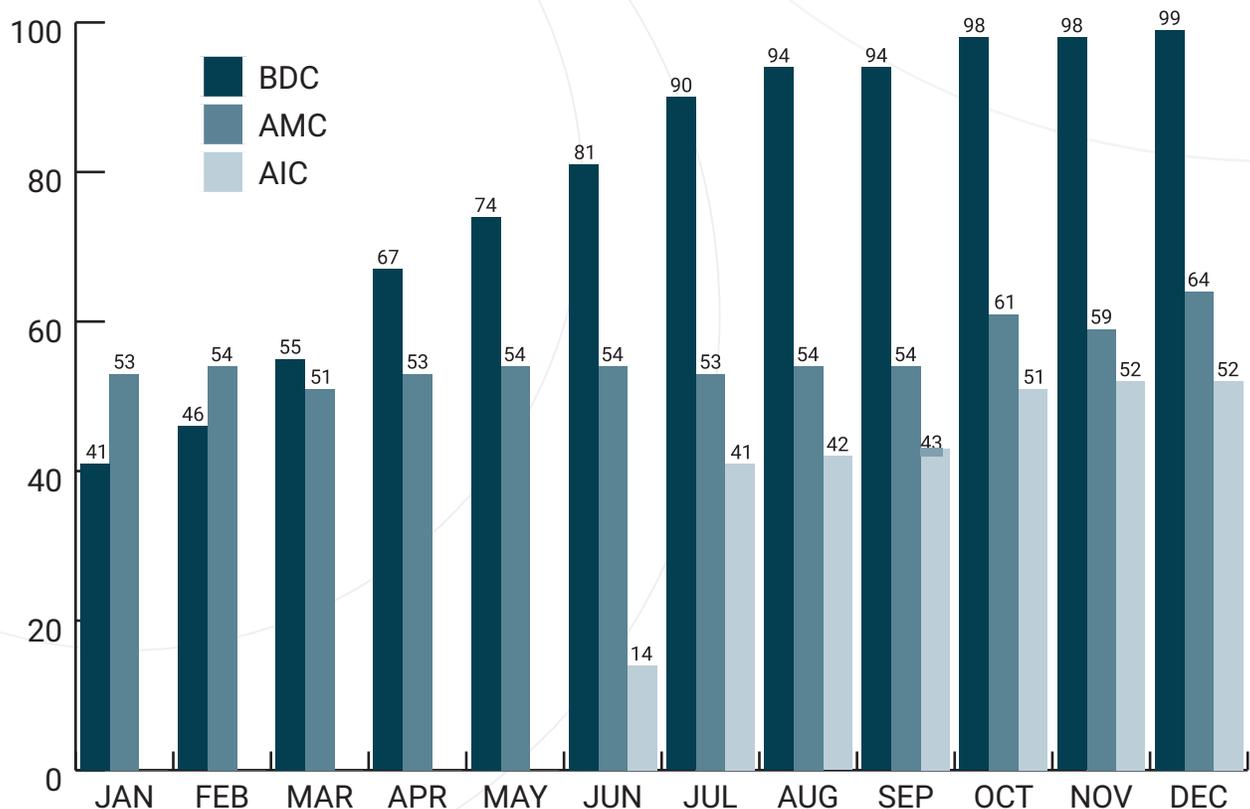


EXPANDING

trust within the securities industry

New in June 2016, the Securities Industry Risk Group (SIRG) draws members from the Broker-Dealer Council (BDC), Asset Managers Council (AMC) and Alternative Investment Council (AIC) – also formed June 2016 – to share threat information specific to organizations in the securities industry. Representing one of the largest growth areas in FS-ISAC, the SIRG is working on global outreach, producing a monthly newsletter for members of Investment Industry Association of Canada (IIAC), the Securities Industry Financial Markets Association (SIFMA) and the International Council of Securities Association (ICSA). The three councils met on one group call in 2016 and plan to meet quarterly in 2017.

	AIC	AMC	BDC
YEAR FORMED	2016	2014	2015
MEMBERSHIP AS OF 12/31/2016	52	63	99
GROWTH	+271% since June	+19% YTD	+141% YTD
FREQUENCY OF COUNCIL MEETINGS	Quarterly in person	Quarterly	Monthly
MONTHLY DISTRIBUTION LIST POSTS	13	10	18



EXPANDING

globally and focusing regionally

In the past few years, FS-ISAC has expanded the staff and resources dedicated to advancing information sharing across EMEA, Asia-Pacific and the Americas. Currently, FS-ISAC has members with headquarters in 38 countries and participating in information sharing across 72 countries.

During 2016, FS-ISAC enhanced regional sharing capabilities through country-level sharing agreements with the Netherlands, Norway and other countries. The FS-ISAC signed Memorandums of Understanding with the European Banking Federation, with the Finance Advisory Group of Europol, NCSC (formerly CERT-UK), CERT-EU, CERT.pl (Poland) and INCIBE (Spanish CERT). The organization also established a European Intelligence and Analysis Center and placed a dedicated representative on the Europol Advisory Group.

Perhaps most notably, FS-ISAC announced a strategic sharing agreement and joint Asia-Pacific (APAC) Regional Intelligence and Analysis Center with the Monetary Authority of Singapore (MAS). The establishment of the centre will strengthen the APAC cybersecurity ecosystem through deeper intelligence gathering and analysis for enhanced in-region intelligence support. In addition, FS-ISAC will continue to increase its efforts to coordinate and host regional events, trainings and exercises designed for the financial industry in the APAC region.

HIGHLIGHTS FROM 2016

entering **85 STAFF MEMBERS**
2017
with **7 COUNTRIES**

40% GROWTH
of the FS-ISAC European
Cyber-Intel distribution list

57%
INCREASE
APAC Cyber-Intel list

24x7 SECURITY OPERATIONS CENTER in Poland delivered
5X INCREASE in advisories
and alerts

EXPANDING

offerings through industry initiatives

During 2016, FS-ISAC helped launch and support several key industry initiatives in the US designed to improve sector-wide resilience and ability to respond to critical incidents. The first such initiative was Sheltered Harbor. Established as an LLC and managed under FS-ISAC, Sheltered Harbor is an initiative designed to enhance the financial services industry's resiliency capability in the event of a major incident. Sheltered Harbor is based on standards and the concept of mutual assistance. Sheltered Harbor members access specifications for common data formats, secure storage ("data vaults") and operating processes to store and restore data, and receive a Sheltered Harbor acknowledgement of adherence to the specification. Should a financial institution be unable to recover from a cyber-attack in a timely fashion, firms that adhere to the Sheltered Harbor standards will enable customers to access their accounts and balances from another financial institution.

The second is the Financial Systemic Resilience and Analysis Center (FSARC). Operating as an LLC and managed under FS-ISAC, FSARC's mission is to proactively identify, analyze, assess and coordinate activities to mitigate systemic risk to the US financial system from current and emerging cyber security threats through focused operations. The FSARC is also working to enhance collaboration between participating firms, industry partners, and the US government. The efforts and activities of the FSARC will benefit the broader FS-ISAC membership and financial sector.

HIGHLIGHTS FROM 2016

current
SHELTERED
HARBOR
MEMBERSHIP
covers

60%

of US RETAIL
BANK and
BROKERAGE
accounts

FSARC founded by **CEOs**
OF 8 MAJOR INSTITUTIONS
will create solutions that benefit the entire sector

EXPANDING

exercises to stay in cyber shape

During 2016, FS-ISAC expanded the development of its own cyber-exercises and also actively participated in multiple cyber and resilience exercises sponsored by other organizations and government agencies. Record participation was achieved this year in FS-ISAC's own Cyber-Attack Against Payment Systems (CAPS) exercises, held worldwide. The FS-ISAC also held the first Insurance Cyber Exercise (ICE) – a two-day, table-top simulation designed by FS-ISAC's Insurance Risk Council (IRC).

Working in collaboration with other organizations and government agencies, one of the more visible examples of the work FS-ISAC accomplished along with various government entities is on the 13 "Hamilton Series" cybersecurity exercises spanning 2014-16. The exercises simulated a variety of plausible cybersecurity incidents or attacks to better prepare the financial and public sectors in responding.

HIGHLIGHTS FROM 2016

MORE THAN
1,800
PARTICIPATED
in CAPS EXERCISES globally

multiple workstreams to deliver
PROCESS IMPROVEMENTS based on
Exercise, feedback including a focus on
RESILIENCE and **ENHANCED**
COMMUNICATIONS

EXPANDING

physical response and business resilience

At the request of its membership, FS-ISAC invested in expanding its intelligence around physical risks and threats. The FS-ISAC provides support to over a dozen regional coalitions in the US and launched NortheastFIRST (located in the New York City region) and Mid-Atlantic FIRST. The FS-ISAC provides staff, website and crisis communicator tools, and tailors playbooks to regional requirements. These coalitions have been incorporated into the newly updated All Hazards Playbook, and the 2016 and 2017 exercise programs. The FS-ISAC receives regional intelligence from these groups while providing national level crisis and threat information back to these groups. The FS-ISAC also hired its first full time physical security expert who produced multiple advisories for members related to potential and actual physical risks.

HIGHLIGHTS FROM 2016

**SUPPORT and
COLLABORATION with
17 REGIONAL
COALITIONS**
across the United States

FULL TIME STAFF interacting with the
BUSINESS RESILIENCY COMMITTEE

substantially updated

**ALL-HAZARDS PLAYBOOKS, RISK
MITIGATION AND SECURITY TOOLKITS**

and tailored variants to support **REGIONAL AND STATE COALITIONS**

EXPANDING

education and training

To help educate and train the next generation of risk professionals, FS-ISAC worked to ramp up new education and training offerings during 2016. The organization offered its first diversity scholarships to three college students to advance their education. In conjunction with the Multi-State ISAC, the Healthcare ISAC, FBI, US Secret Service, and two sponsors, FS-ISAC sponsored a Ransomware 101 Roadshow in sixteen cities with nearly 3,000 participants. In 2016, there were dozens of regional workshops, member meetings and threat training sessions. In addition to its dedication to helping up-and-coming cyber and risk professionals advance their careers, FS-ISAC continued to communicate to senior industry executives with the monthly *Executive Brief* containing timely and strategic updates.

HIGHLIGHTS FROM 2016

12
EXECUTIVE
BRIEFS

2,600
ATTENDEES
4 FS-ISAC
SUMMITS

member **WORKSHOPS** **19**
and **MEETINGS**

EXPANDING

membership engagement

In terms of the quantity and quality of information shared via the FS-ISAC secure portal, email distribution lists, member-to-member sharing and automated indicator sharing within the sector, 2016 was a banner year! One example of critical information sharing occurred when an international payment system was utilized to commit cybercrimes against several financial institutions. The FS-ISAC held its largest incident call where 2,950 members got direct access to key industry and law enforcement personnel and received important information needed to defend systems against similar attacks.

HIGHLIGHTS FROM 2016

NEARLY 5,300 PARTICIPANTS
on the Cyber Intel distribution list

2,950 PARTICIPANTS on a call discussing attacks compromising **INTERNATIONAL PAYMENT SYSTEMS** and published a best practices payment around **SECURING PAYMENT SYSTEMS**

89 different email distribution lists | **6,200** PORTAL ALERTS published

55 APAC **80** EMEA **NEARLY 600** US participants on threat calls each month

EXPANDING

analysis and intelligence

During 2016, FS-ISAC made strides towards improving its internal analysis capabilities. The ISAC Analysis Team (IAT) continues to grow and look for new opportunities to provide unique analysis on behalf of members. The FS-ISAC added the organization's first Chief Information Risk Officer, as well as new Intelligence Officers and analysts supporting the UK, Europe and its Sector Services group. This will continue to be a key area for growth and enhancement in 2017 and beyond, as the organization looks to new processes, technologies and additional staff to further strengthen the analysis available to members. The FS-ISAC also continued to participate in OASIS to codify STIX and TAXII as a global standard for threat intelligence automated sharing, and provided feedback to the US Department of Homeland Security regarding the implementation of Automated Indicator Sharing (AIS).

HIGHLIGHTS FROM 2016

geopolitical analyst **HIRED**

Intelligence Officer for EMEA **HIRED**
Intelligence Analyst in the UK **FULL**
Chief Information Risk Officer **TIME**

INTELLIGENCE AND ANALYSIS CENTERS
established in Europe and Singapore

FS-ISAC

BY THE
NUMBERS

7,000
MEMBERS

2,600
SUMMIT
ATTENDEES

38 COUNTRIES
WITH MEMBER HEADQUARTERS

3 COUNTRY-WIDE
AGREEMENTS

25

WORKING
GROUPS

89 MAILING
LISTS

75 COUNTRIES
WITH PORTAL USERS

10 COUNCILS **7 COMMITTEES**