

Macau Cybersecurity Law

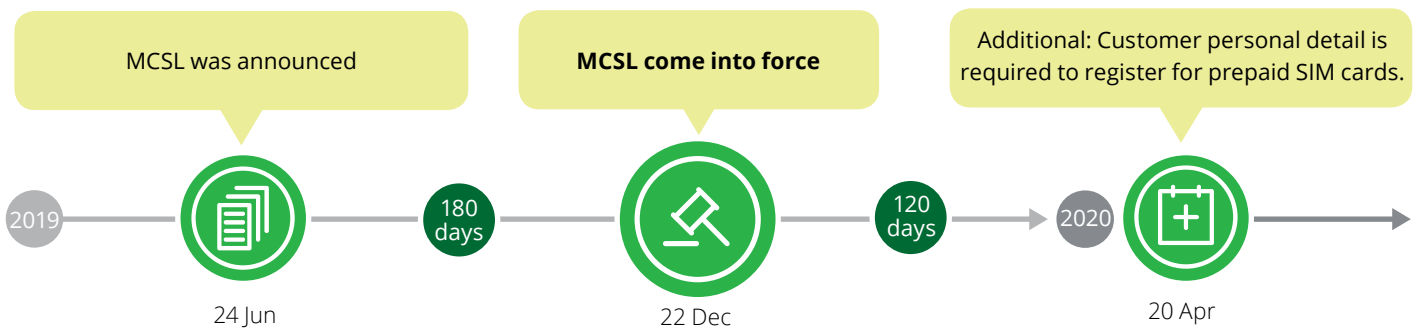
General Introduction and Impact Analysis

General overview	1
Macau Cybersecurity Law outline	2
Governance Structure of Cybersecurity	3
Obligation of critical infrastructure operators and internet service providers	4
Impact of Macau Cyber Security Law on corporations	6
How can Deloitte help	7

General overview

The Macau government enacted the Macau Cybersecurity Law (MCSL) to regulate the Cybersecurity System within Macau Special Administrative Region. This is for the protection of information networks, computer systems and data of **critical infrastructure operators**.

Key milestones of the MCSL



Scope and Definition



Definition of **critical infrastructure**:

Information networks and computer systems that are important to the normal functioning of society. If disrupted may jeopardize/ disturb and threaten to social well-being, public safety, order and interests.

Overview of **Operators / Providers** that fall under the scope of Macau Cybersecurity Law:



Public critical infrastructure operators:

- Office of Chief Executive and Office of Principal Officials
- Macao Special Administrative Region Public Sector
- Public legal person and autonomous fund



Private critical infrastructure operators:

- Private entities that are qualified to operate and provide services to the administration and operate in the following areas:
 - Banks, Financial Entities and Insurance Institutions, Games of Fortune operators, Sea / Land / Air Transportation Operators, some Utilities Operators, Healthcare Operators, Public Capital Companies, etc.

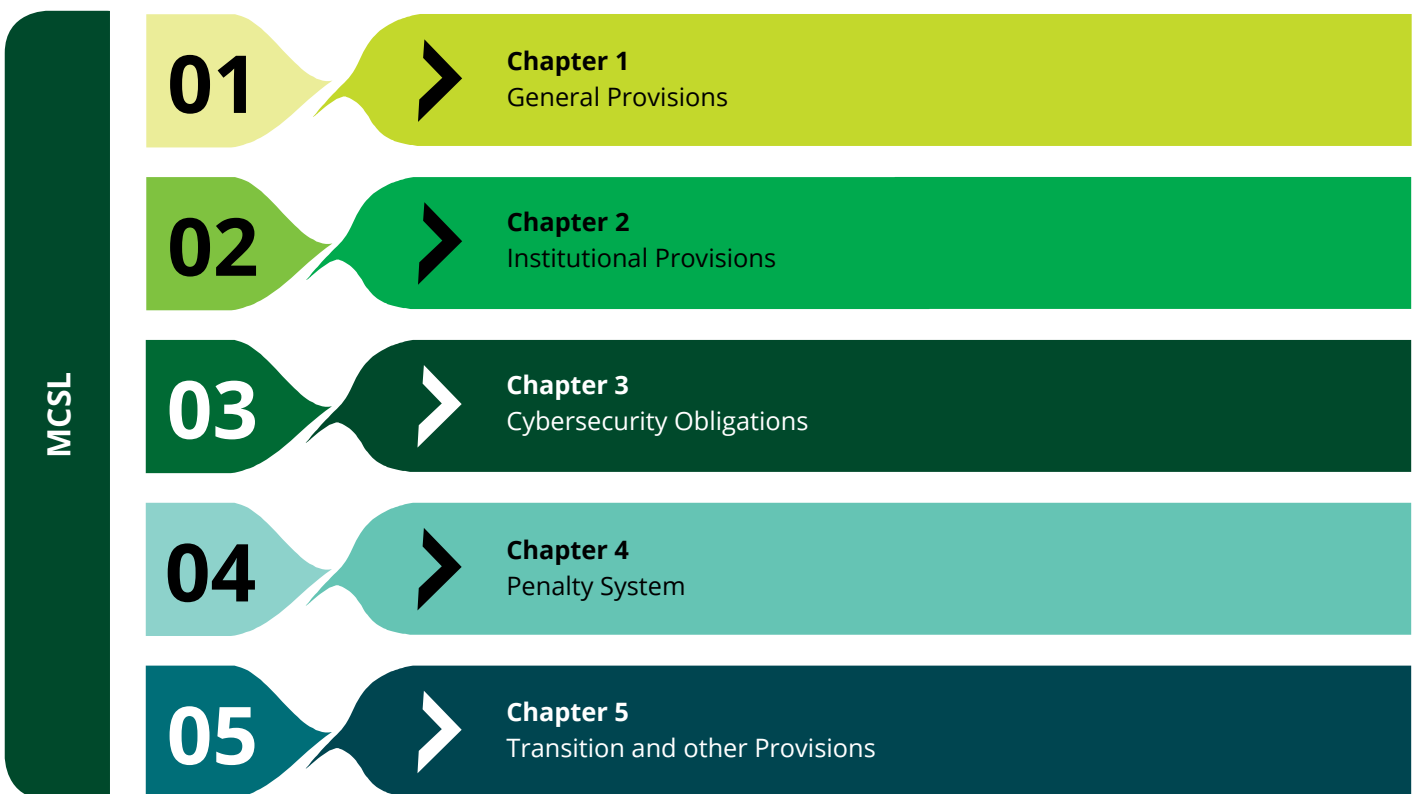


Internet service providers:

- An entity that is qualified to operate a fixed or mobile public telecommunications network and provides Internet access services

Macau Cybersecurity Law outline

MCSL comprise of five chapters, below is an overview of the key objectives and coverage of each chapter.



Chapter 1 General Provisions (Articles 1 - 5)

Explains the Objective, Definition of terms and Scope of the law.

Chapter 2 Institutional Provisions (Articles 6 - 9)

New offices, i.e. Committee for Cybersecurity (CPC) and Cybersecurity Incidents Alert and Response Center (CARIC) are set up to provide supervision. Existing public institutions and departments will collaborate to provide support.

Chapter 3 Cybersecurity Obligations (Articles 10 - 14)

High-level obligations of public and private critical infrastructure operators are described. The obligation is mainly related to governance and reporting obligations to the Macau Government.

Chapter 4 Penalty System (Articles 15 - 23)

Penalty of non-compliance with the MCSL can be categorized by two levels (i.e. minor and severe). The maximum fine can be up to MOP 5 million.

Chapter 5 Transition and Other Provisions (Articles 24 - 28)

Specification on the grace period of the rules (180 days) and explanation of the obligation of Internet Service Providers (ISPs).

Regulatory oversight

In the MCSL, the Cybersecurity oversight is maintained by a composition of the Committee for Cybersecurity (CPC), Cybersecurity Incidents Alert and Response Center (CARIC), and supervisory entities.



Commission for Cybersecurity (CPC)

↓ Supervise

Cybersecurity Incidents Alert and Response Center (CARIC) – Coordinated by Judiciary Police (PJ)

Public Administration and Civil Service Bureau (SAFP)	Judiciary Police (PJ) -Coordinate the CARIC	Macao Post and Telecommunications Bureau (CTT)
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Public critical infrastructure operators		
1. The Office of the Chief Executive, the Offices of the Principal Officials, the Secretariat of the Legislative Assembly, the Office of the President of the Court of Final Appeal and the Office of the Prosecutor General	2. The public sector of the Macao Special Administrative Region	3. Any form of Public institutions and autonomous funds



Private critical infrastructure operators		
1. Entities governed by private law, headquartered in Macao or abroad, entitled to carry on business in the fields specified below, whether by way of operating concession, providing services to the Administration and licensing, or alike.	2. Companies wholly-owned by the government	3. Administrative Public Welfare Legal Person whose activity is related to the scientific and technological area

SAFP (Public Administration and Civil Service Bureau)
IAM (Municipal Affairs Bureau)
AMCM (Monetary Authority of Macao)
DICJ (Gaming Inspection and Coordination Bureau)
DSE (Macao Economic Bureau)
SS (Health Bureau)
DSAMA (Marine and Water Bureau)
DSAT (Transport Bureau)
GDSE (Office for the Development of the Energy Sector)
DSPA (Environmental Protection Bureau)
AACM (Civil Aviation Authority)
CTT (Macao Post and Telecommunications Bureau)
Other Departments and Agencies

Water supply
Banking, finance and insurance activity
Provision of healthcare in hospitals
Wastewater treatment and waste collection and treatment
Wholesale public supply of fuels and foodstuffs subject to sanitary and phytosanitary inspection
Slaughter of animals in legal slaughterhouses
Supply and distribution of electricity and natural gas
Provision of public service of maritime transport, inland and air transport performed with regularity, according to routes, frequency of trips, schedules and prices previously defined
Operation of port, ferry terminal, airport and heliport
Broadcasting
Operation of games of fortune
Operation of public fixed or mobile telecommunications networks and provision of internet access services

Obligation of operators and internet service providers

Key obligations	Private critical infrastructure operators	Public critical infrastructure operators	Internet service providers	Penalty and fine
<p>Organizational obligation</p> <ul style="list-style-type: none"> Establish a cybersecurity management unit capable to implement internal security measures relating cybersecurity Appoint / set up delegated and competent (cyber) security officer and the alternate (habitual residence in Macau) Ensure that the cyber security officer and the alternate are permanently contactable by CARIC Establish a complaint and reporting mechanism for cybersecurity 	 Article 10	 Article 14		<ul style="list-style-type: none"> Fine MOP 50,000 to 5,000,000 Additional penalties: <ul style="list-style-type: none"> – Deprivation of the right to participate in public procurement – Deprivation of the right to subsidies or benefits granted by public entities
<p>Procedural, preventive and contingency obligations</p> <ul style="list-style-type: none"> Develop and adopt cybersecurity management system and operational procedures, and internal measures for security incident monitoring and response Inform (CARIC / regulatory entity) about cybersecurity incidents, including examination and recording of status of the information network 	 Article 11	 Article 14		
<p>Self - assessment and reporting obligations</p> <ul style="list-style-type: none"> Engaged internal / external professional to conduct cyber security assessment Submit cybersecurity report, including incident report (if applicable) to relevant regulatory entities annually 	 Article 12	 Article 14		
<p>Cooperative obligation</p> <ul style="list-style-type: none"> Cooperate with and provide support to CARIC / regulatory entity inspection and investigation 	 Article 13	 Article 14		

Key obligations	Private critical infrastructure operators	Public critical infrastructure operators	Internet service providers	Penalty and fine
<p>Obligation of staff of critical infrastructure public operators</p> <ul style="list-style-type: none"> • Review and monitor the private third party cybersecurity services vendor performance against the contract 		 Article 14		<ul style="list-style-type: none"> • Disciplinary action • Forced retirement, dismissal or suspended duty
<p>ISPs obligation</p> <ul style="list-style-type: none"> • Register the prepaid SIM card users identity (within 120 days after the law becomes effective), or terminated the services • Check and register customer identity • Retain the record of converting private IP address to public IP address for 1 year 			 Article 24,25,26	<ul style="list-style-type: none"> • Fine MOP 50,000 to 150,000

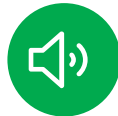
Impact of Macau Cyber Security Law on corporations

There is no doubt that the impact of MCSL on company is significant. Although some regulations are still in the process of legislation and reform, companies will face legal consequences if the MCSL is breached.

Meanwhile, the management of company, and related personnel of security, law and IT needs to resolve the following problems:

Do we **meet the fundamental requirements** of the MCSL?

What is the **MCSL's impact** to the company?



Does the companies have **risks associated** with systems affecting social and public stability, data leakage?

What



- What is the main content of the MCSL applicable to my organization?
- Are there any (other) relevant regulations e.g. industry specific ones?
- What is the impact of the requirements to the company?

Awareness & Understanding



- The management's awareness of the MCSL.
- The understanding of the impact of related departments on the MCSL.
- The staff's awareness of MCSL.

Who & What?



- Which departments and personnel within my organization are affected by the MCSL?
- What systems and information need to be considered?

Scope & Impact



- The scope of a corporation (business, area, organization).
- Impact to departments (business processes), personnel, systems, and information.
- Which business and IT might be affected?

How



- What is the potential compliance risk?
- What are remediation for non-compliance of security organization?
- How to comply and where to start?

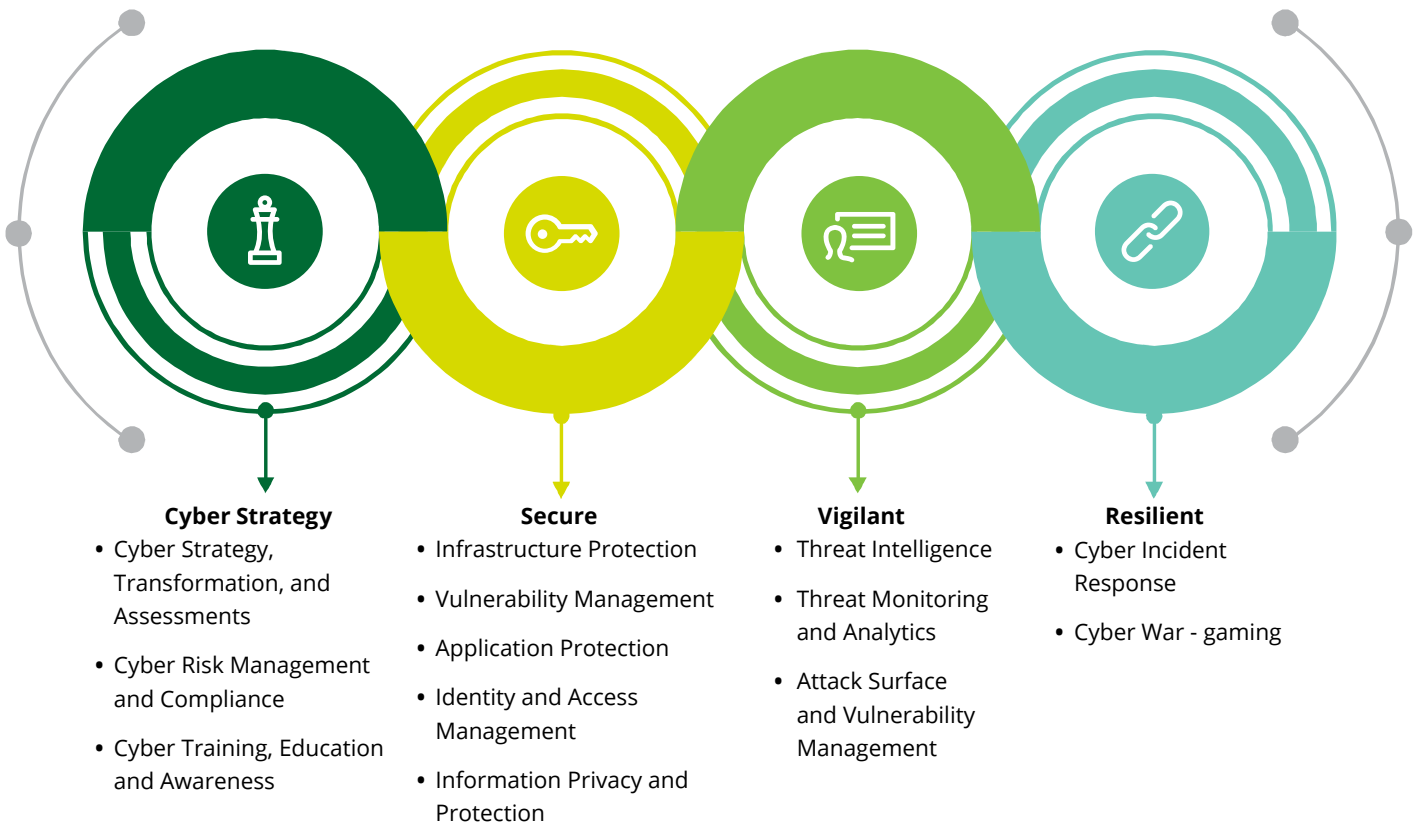
Risk & Control



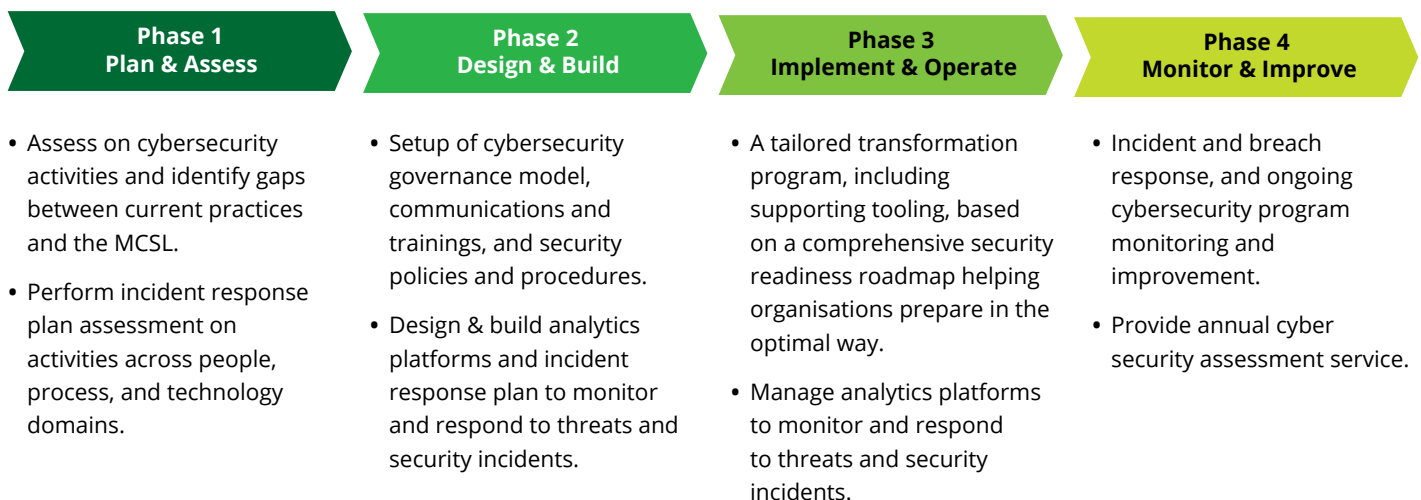
- Currently existing compliance risks.
- Other potential risks for uncertain regulations.
- Other risks besides compliance risks: financial, reputational and people risks.
- Corresponding controls and remediation.

How can Deloitte help?

Our objective is to help clients develop and implement strategies for IT risk management and aim to help clients find the appropriate balance between risk management and cost containment. Our integrated solutions covering:



Given MCSL introduces new and more stringent regulatory requirements, a **four phased - approach compliance program** is designed with reference to the above 4 areas. The law will be effective by end of 2019, companies that fall within its scope should start as soon as possible!



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