

# Macau Cybersecurity Law

General Introduction and Impact Analysis

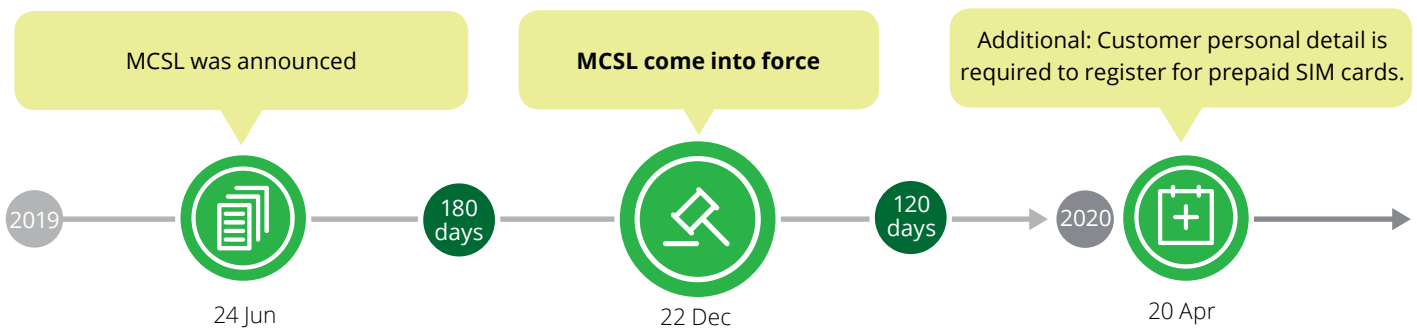
Cyber ●

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# 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.

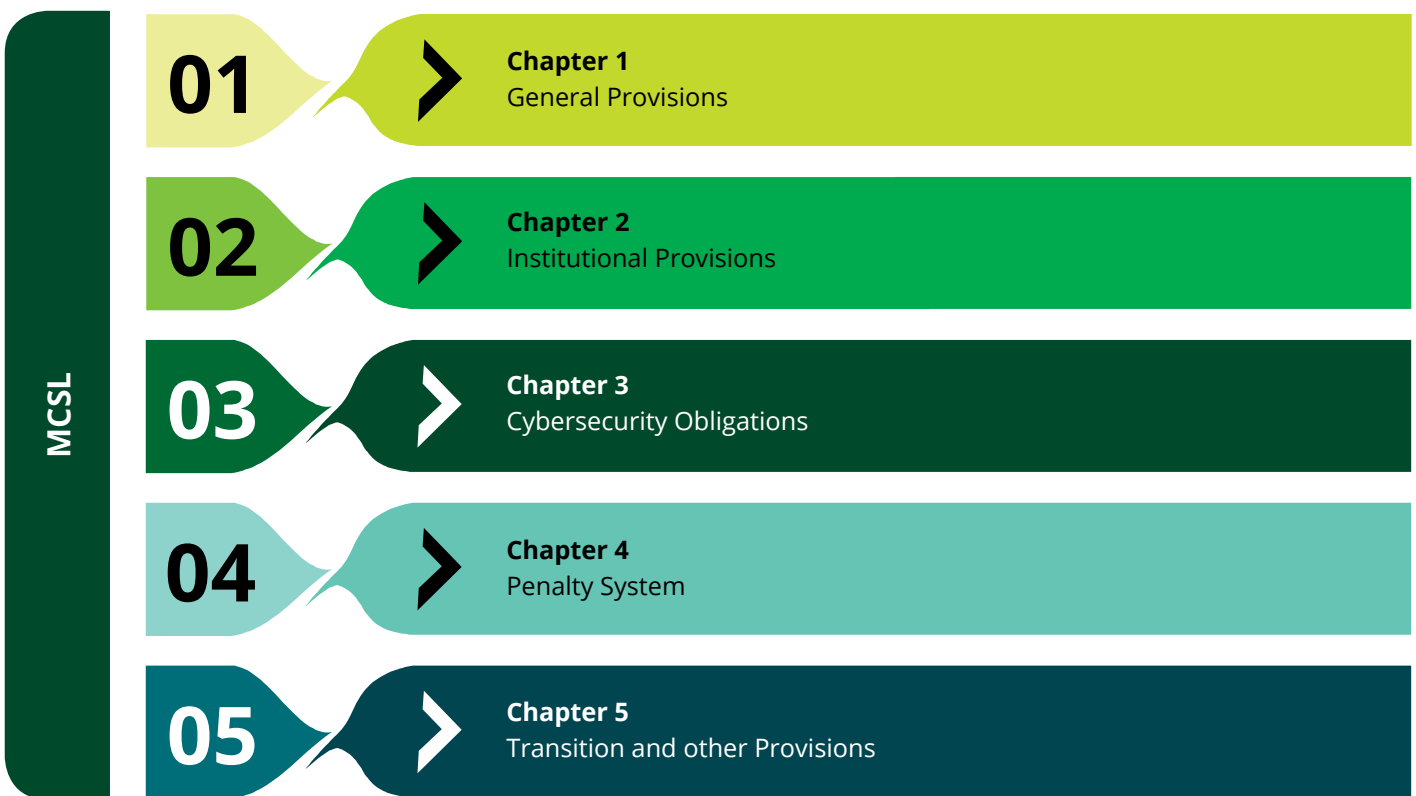


### **Internet service providers:**

- 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)**

|  |  |   |
|--|--|---|
| <b>Public Administration and Civil Service Bureau (SAFP)</b> | <b>Judiciary Police (PJ) -Coordinate the CARIC</b> | <b>Macao Post and Telecommunications Bureau (CTT)</b> |
|--|--|---|









| Public critical infrastructure operators  |  |  |
|---|--|--|
| 1.<br>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.<br>The public sector of the Macao Special Administrative Region | 3.<br>Any form of Public institutions and autonomous funds |



| Private critical infrastructure operators  |  |   |
|--|--|---|
| 1.<br>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.<br>Companies wholly-owned by the government | 3.<br>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><b>Organizational obligation</b></p> <ul style="list-style-type: none"> <li>Establish a <b>cybersecurity management unit</b> capable to implement internal security measures relating cybersecurity</li> <li>Appoint / set up delegated and competent <b>(cyber) security officer and the alternate</b> (habitual residence in Macau)</li> <li>Ensure that the cyber security officer and the alternate are permanently contactable by CARIC</li> <li>Establish a <b>complaint and reporting mechanism</b> for cybersecurity</li> </ul> | <br>Article 10  | <br>Article 14  |                            | <ul style="list-style-type: none"> <li>Fine MOP 50,000 to 5,000,000</li> <li>Additional penalties:                             <ul style="list-style-type: none"> <li>– Deprivation of the right to participate in public procurement</li> <li>– Deprivation of the right to subsidies or benefits granted by public entities</li> </ul> </li> </ul> |
| <p><b>Procedural, preventive and contingency obligations</b></p> <ul style="list-style-type: none"> <li>Develop and adopt <b>cybersecurity management system</b> and <b>operational procedures</b>, and <b>internal measures for security incident monitoring and response</b></li> <li><b>Inform (CARIC / regulatory entity) about cybersecurity incidents</b>, including examination and recording of status of the information network</li> </ul>   | <br>Article 11 | <br>Article 14 |                            |  |
| <p><b>Self - assessment and reporting obligations</b></p> <ul style="list-style-type: none"> <li>Engaged internal / external professional to <b>conduct cyber security assessment</b></li> <li><b>Submit cybersecurity report</b>, including incident report (if applicable) to relevant regulatory entities <b>annually</b></li> </ul>  | <br>Article 12 | <br>Article 14 |                            |  |
| <p><b>Cooperative obligation</b></p> <ul style="list-style-type: none"> <li>Cooperate with and provide support to <b>CARIC / regulatory entity inspection and investigation</b></li> </ul>   | <br>Article 13 | <br>Article 14 |                            |  |

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

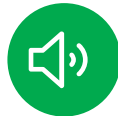
# Impact of Macau Cyber Security Law on corporations

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

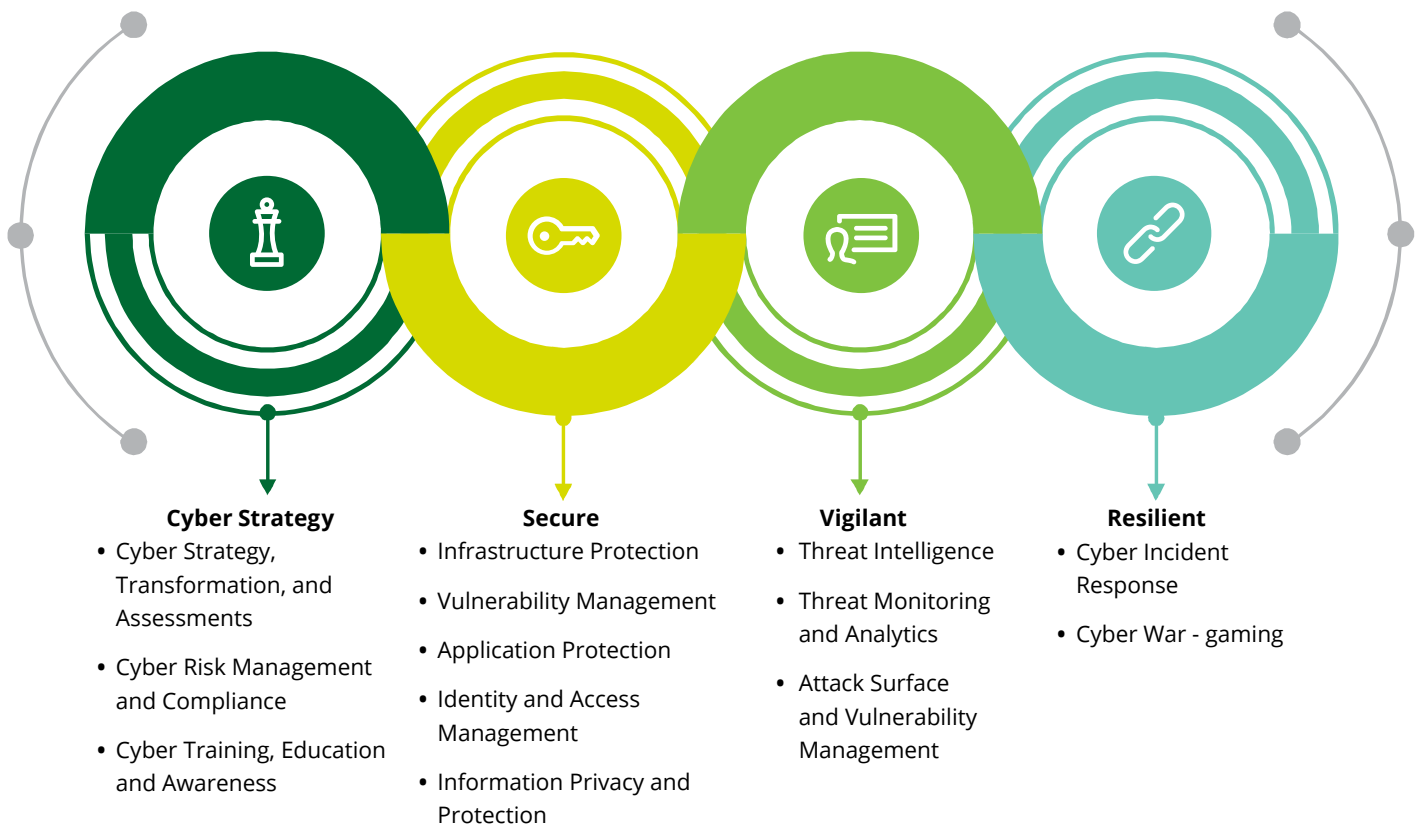


- Currently existing compliance risks.
- Other potential risks for uncertain regulations.
- Other risks besides compliance risks: financial, reputational and people risks.
- Corresponding controls and remediation.

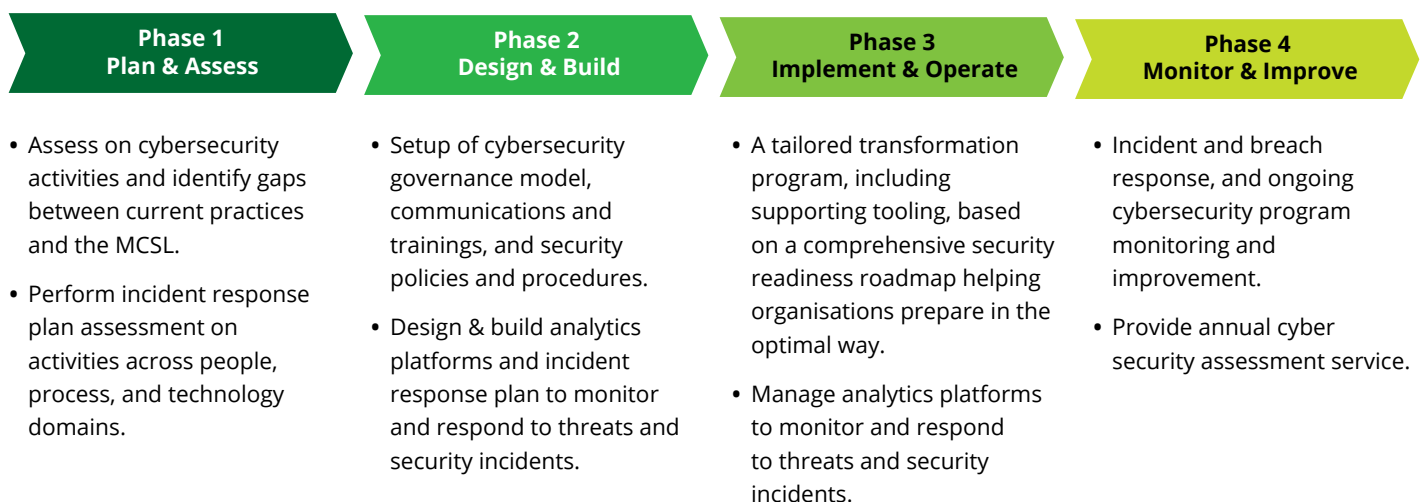


# How can Deloitte help?

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!



# Contacts

## **Sidney Cheng**

Macau Office Managing Director

Tel: +853 8898 8898

Email: [sidcheng@deloitte.com.mo](mailto:sidcheng@deloitte.com.mo)

## **Eva Kwok**

Partner, Risk Advisory

Tel: +852 2852 6304

Email: [evakwok@deloitte.com.hk](mailto:evakwok@deloitte.com.hk)

## **Brad Lin**

Director, Risk Advisory

Tel: +852 2109 5353

Email: [bradlin@deloitte.com.hk](mailto:bradlin@deloitte.com.hk)

## **Carmen Lei**

Director, Central Business Development

Tel: +853 8898 8833

Email: [carlei@deloitte.com.mo](mailto:carlei@deloitte.com.mo)

# Office locations

## Beijing

12/F China Life Financial Center  
No. 23 Zhenzhi Road  
Chaoyang District  
Beijing 100026, PRC  
Tel: +86 10 8520 7788  
Fax: +86 10 6508 8781

## Changsha

20/F Tower 3, HC International Plaza  
No. 109 Furong Road North  
Kaifu District  
Changsha 410008, PRC  
Tel: +86 731 8522 8790  
Fax: +86 731 8522 8230

## Chengdu

17/F China Overseas  
International Center Block F  
No.365 Jiaozi Avenue  
Chengdu 610041, PRC  
Tel: +86 28 6789 8188  
Fax: +86 28 6317 3500

## Chongqing

43/F World Financial Center  
188 Minzu Road  
Yuzhong District  
Chongqing 400010, PRC  
Tel: +86 23 8823 1888  
Fax: +86 23 8857 0978

## Dalian

15/F Senmao Building  
147 Zhongshan Road  
Dalian 116011, PRC  
Tel: +86 411 8371 2888  
Fax: +86 411 8360 3297

## Guangzhou

26/F Yuexiu Financial Tower  
28 Pearl River East Road  
Guangzhou 510623, PRC  
Tel: +86 20 8396 9228  
Fax: +86 20 3888 0121

## Hangzhou

Room 1206-1210  
East Building, Central Plaza  
No.9 Feiyunjiang Road  
Shangcheng District  
Hangzhou 310008, PRC  
Tel: +86 571 8972 7688  
Fax: +86 571 8779 7915 / 8779 7916

## Harbin

Room 1618, Development Zone Mansion  
368 Changjiang Road  
Nangang District  
Harbin 150090, PRC  
Tel: +86 451 8586 0060  
Fax: +86 451 8586 0056

## Hefei

Room 1201 Tower A  
Hua Bang ICC Building  
No.190 Qian Shan Road  
Government and Cultural  
New Development District  
Hefei 230601, PRC  
Tel: +86 551 6585 5927  
Fax: +86 551 6585 5687

## Hong Kong

35/F One Pacific Place  
88 Queensway  
Hong Kong  
Tel: +852 2852 1600  
Fax: +852 2541 1911

## Jinan

Units 2802-2804, 28/F  
China Overseas Plaza Office  
No. 6636, 2nd Ring South Road  
Shizhong District  
Jinan 250000, PRC  
Tel: +86 531 8973 5800  
Fax: +86 531 8973 5811

## Macau

19/F The Macau Square Apartment H-N  
43-53A Av. do Infante D. Henrique  
Macau  
Tel: +853 2871 2998  
Fax: +853 2871 3033

## Mongolia

15/F, ICC Tower, Jamiyan-Gun Street  
1st Khoroo, Sukhbaatar District, 14240-  
0025 Ulaanbaatar, Mongolia  
Tel: +976 7010 0450  
Fax: +976 7013 0450

## Nanjing

6/F Asia Pacific Tower  
2 Hanzhong Road  
Xinjiekou Square  
Nanjing 210005, PRC  
Tel: +86 25 5790 8880  
Fax: +86 25 8691 8776

## Shanghai

30/F Bund Center  
222 Yan An Road East  
Shanghai 200002, PRC  
Tel: +86 21 6141 8888  
Fax: +86 21 6335 0003

## Shenyang

Unit 3605-3606, Forum 66 Office Tower 1  
No. 1-1 Qingnian Avenue  
Shenhe District  
Shenyang 110063, PRC  
Tel: +86 24 6785 4068  
Fax: +86 24 6785 4067

## Shenzhen

9/F China Resources Building  
5001 Shennan Road East  
Shenzhen 518010, PRC  
Tel: +86 755 8246 3255  
Fax: +86 755 8246 3186

## Suzhou

24/F Office Tower A, Building 58  
Suzhou Center  
58 Su Xiu Road, Industrial Park  
Suzhou 215021, PRC  
Tel: +86 512 6289 1238  
Fax: +86 512 6762 3338 / 3318

## Tianjin

45/F Metropolitan Tower  
183 Nanjing Road  
Heping District  
Tianjin 300051, PRC  
Tel: +86 22 2320 6688  
Fax: +86 22 8312 6099

## Wuhan

Unit 1, 49/F  
New World International Trade Tower  
568 Jianshe Avenue  
Wuhan 430000, PRC  
Tel: +86 27 8526 6618  
Fax: +86 27 8526 7032

## Xiamen

Unit E, 26/F International Plaza  
8 Lujiang Road, Siming District  
Xiamen 361001, PRC  
Tel: +86 592 2107 298  
Fax: +86 592 2107 259

## Xi'an

Room 5104A, 51F Block A  
Greenland Center  
9 Jinye Road, High-tech Zone  
Xi'an 710065, PRC  
Tel: +86 29 8114 0201  
Fax: +86 29 8114 0205

## Zhengzhou

Room 5A10, Block 8, Kailin Business Center  
No.51 Jinshui East Road  
Zhengdong New District  
Zhengzhou 450018, PRC  
Tel: +86 371 8897 3700  
Fax: +86 371 8897 3710

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