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Top 10 risk and compliance related news stories and world events that (for better or for worse) shaped the week's agenda, and what is next

Dear members and friends,

Stress testing frameworks have evolved considerably over the last few years and have become an increasingly important risk management instrument for the financial sector.

These are the first words of the new paper from the European Insurance and Occupational Pensions Authority (EIOPA), that includes the methodological framework for stress-testing IORPs (Institutions for Occupational Retirement Provision). We read:

Stress tests (STs) form an integral part of the financial risk management of individual institutions and have become a core tool for supervisors to identify and assess risks and vulnerabilities in the financial system. STs can provide *additional insights* and a *forward-looking perspective* on the risk and vulnerabilities of Institution for Occupational Retirement Provision (IORPs) that *cannot be derived* from the regular supervisory reporting.

When I read a paper about stress testing, I always look for the "plausible, yet severe scenarios".

We read: "The narrative of a ST exercise is the basis of the scenario design. Hereby, the narrative specifies the triggering events of the adverse economic developments and the potential aggravating interlinkages between markets and sectors, the shocked variables and the hypothetical trajectory of the shocked variables.

The narrative should capture risks faced by IORPs and the most relevant risk factors, so that there is a clear objective and basis for potential recommended actions following the ST results.

The starting point of a narrative and the ST exercise is the current economic situation, i.e. the baseline, at reference date.

The ST exercise applies at least one plausible, yet severe, scenario against the baseline situation.

The scenario stems from the narrative and the objective of the ST exercise, i.e. to understand the impact of most relevant risk factors to the IORPs.

A scenario is expected to be severe, yet plausible, which means that the scenario does not necessarily have to reflect an expected or probable future development, but should be as severe as to challenge the IORP's resilience to withstand an adverse development.

However, the adverse development should be plausible which means that the adverse development could actually happen, based on economic theories or science-based projections of a future state, for example for environmental STs.

A scenario can replicate a past event, for example a past financial crisis, to understand whether the IORP sector may be more or less resilient than in the past if the same adverse development would happen.

On the other hand, scenarios can be fully hypothetical without any bearing to past events.

However, it may be difficult to create an adverse scenario that is fully independent from past events or developments.

That is why usually hybrid approaches are applied, which combine one or several past adverse market developments and extending those - by using

expert judgment and applying economic theories – to potential further adverse trajectories.

Both historical and forward-looking approaches have advantages and disadvantages, which can be considered for designing the adverse scenario in line with the ST's narrative and objective.

A hybrid approach to scenario development is preferred over a purely historical or a pure forward-looking approach, as it allows assessment of the envisaged risks maintaining consistency with the co-movements of the markets.

Expert judgement applied in the definition of the forward-looking component of the scenario should generate plausible outcomes that are in line with economic theory or supported by other scientific expertise on specific aspects (e.g. climate science)."

Well, this is an excellent paper that gives a good understanding of the stress testing obligations and opportunities.

Read more at number 2 below. Welcome to the Top 10 list.

Best regards,

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Number 1

Worms and Dinosaurs: Statement on the Proposed Amendments to Modernize How Broker-Dealers Preserve Electronic Records

SEC Commissioner Hester M. Peirce

Technology changes faster than regulations do. An example of this phenomenon is the electronic recordkeeping rule for broker-dealers the Commission proposed to update this week.

We proposed to amend the broker-dealer recordkeeping rules to eliminate the write-once/read-many ("WORM") requirement that has proven outdated and unnecessarily burdensome for firms to implement and maintain. This rule, at twenty-five, is a dinosaur.

WORM is intended to ensure that records are not altered or erased so that regulators have an accurate picture of firm's activities. New technologies—if permitted—could give regulators even better insight into what firms do.

Technological change is a constant in our financial markets, and it generally redounds to the benefit of investors, firms, markets, and regulators. The firms serving investors leverage new technologies to provide cheaper, more efficient, and more user-friendly services and products. Firms use technology to monitor their own activities and to assist in regulatory oversight.

Regulators need to understand both the risks and benefits of new technology. We need to ensure that our regulatory framework is capable of accommodating technological change while continuing to advance the regulatory mandate that Congress has entrusted to us.

Rules that, by text or interpretation, lock firms into using a specific technology well beyond that technology's "sell-by" date or that unduly delay prudent adoption of new technologies should not stand.

In the quarter-century since the Commission adopted rules imposing the WORM requirement on broker-dealers, the information technology landscape has changed significantly.

Indeed, it was apparent almost two decades ago that the rules, which mandate static recordkeeping, were unnecessarily restrictive.

Broker-dealers increasingly use dynamically generated content to provide information to internal users and to their customers. Investors in an increasingly liquid market have come to expect real-time information about market prices and account balances.

Broker-dealers cannot use static records for their own operational and compliance purposes, so many firms have two systems. Requiring broker-dealers to maintain a wholly separate, redundant, ossified recordkeeping system that can capture only static snapshots has provided questionable benefits at great cost.

I have enjoyed working with the staff on this issue over the past few years and appreciate the hard work and careful thought they put into crafting this proposal. I look forward to comments from the public.

I particularly want to hear whether the system requirements that the proposed rule would impose are in fact technologically neutral. Will the proposed rule be sufficiently flexible to enable firms to incorporate new technological developments in the coming years? After all, we do not need any more WORMs or dinosaurs in our rulebook.

Note - You may also visit: Electronic Recordkeeping Requirements for Broker-Dealers, Security-Based Swap Dealers, and Major Security-Based Swap Participants, Exchange Act Rel. No. 93614 (Nov. 18, 2021) available at https://www.sec.gov/rules/proposed/2021/34-93614.pdf

Number 2

EIOPA publishes its Methodological Framework for Stress-Testing IORPs

The European Insurance and Occupational Pensions Authority (EIOPA) published today a methodological framework for stress-testing IORPs (Institutions for Occupational Retirement Provision) which presents a set of standard approaches, practical rules and possible methodologies to support the design phase and the management of future IORP stress test exercises.

The rules and guidance provided shall help to make the planning and administration of IORP stress test exercises more efficient, while providing for sufficient room to tailor the analytical tools to the specific objectives of the exercise at hand.

The methodological framework serves as a reference point and toolbox from which appropriate approaches can be developed and custom-fitted, bearing in mind the specificities of the individual exercise in question.

In particular, the methodological framework for stress-testing IORPs sets out:

- Horizontal approaches and types of analysis that can be applied to all types of IORPs and schemes within the divergent European occupational pension frameworks;

- A toolbox approach to choose the most relevant set of analyses to be employed and further adjusted to the objective of the individual exercise in a proportionate manner;

- Approaches to address new and emerging risks, particularly environmental risks.

Background

The stress-testing of financial institutions has evolved considerably over the last few years and has become a core tool for supervisors to identify and assess risks and vulnerabilities in the financial system. EIOPA is mandated to conduct regular EU-wide stress test exercises for the European IORP sector, in collaboration with the European Systemic Risk Board.

To read more:
https://www.eiopa.europa.eu/sites/default/files/publications/other_documents/methodological-framework-for-stress-testing-iorps-cover.pdf

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Table 5.1. Advantages and disadvantages of historical and forward-looking approaches to scenario design

	Advantages	Disadvantages
Historical approach	• Past events provide a benchmark of what could potentially happen in the future • Plausibility of the scenarios may be more easily justified.	• Financial crises or pension-related shocks that exceed or are different from what happened in the past is not assessed • A purely historical approach would not allow for a partly forward-looking perspective • Limited flexibility • Specific future scenarios might not emerge or be derived from historical data
Forward-looking approach	• More tailored future scenarios can be achieved when independent from historical data • More flexibility in the design	• Requires an appropriate justification for the scenarios provided • Requires a higher degree of expert judgement, which should also be carefully justified

To read more:
https://www.eiopa.europa.eu/sites/default/files/publications/other_documents/methodological-framework-for-stress-testing-iorps-cover.pdf

Number 3

EBA notes significant efforts in IFRS 9 implementation by EU institutions but cautions on some of the observed accounting practices, especially in the context of the COVID-19 pandemic

- Divergence in some accounting practices is due to the inherent flexibility embedded in the IFRS 9 standard and the limited experience to date.

- The COVID-19 pandemic pushed IFRS 9 models outside their boundaries, thereby increasing the use of manual adjustments, or overlays, with divergent results on the final ECL amount.

- Some practices observed, particularly in the context of COVID-19, would deserve further scrutiny from supervisors in particular to ensure a timely assessment of a significant increase in credit risk.

The European Banking Authority (EBA) published a Report summarising the findings arising from the monitoring activities on the International Financial Reporting Standard (IFRS 9) implementation by EU institutions.

The aim of this Report is to assist supervisors evaluate the quality and adequacy of IFRS 9 Expected Credit Loss (ECL) models, in order to contribute to a high-quality and consistent application of the IFRS 9 standard in the EU.

In line with the IFRS 9 Roadmap, the EBA will continue monitoring and promoting consistent application of IFRS 9, as well as working on the interaction with prudential requirements.

Main observations

EU institutions have made significant efforts to implement and adapt their systems to the IFRS 9 requirements since its first application date.

However, the level of judgement embedded in the standard leaves open the possibility to use a wide variety of practices.

While no single practice turned out to be a strong driver of the ultimate levels of provisioning, some observed practices would deserve further scrutiny from supervisors.

This is particularly relevant as regards the approaches implemented on the Significant Increase in Credit Risk (SICR) assessment, where there is a very limited use of the notion of collective assessment for borrowers with common characteristics, which is unexpected in the context of an environment of high economic uncertainty, such as the COVID-19 crisis.

With specific reference to ECL parameters and model inputs, the IFRS 9 12 month PD estimates and variability generally increased during the pandemic, due to the incorporation of forward looking information (FLI) and their point in time nature.

Differences have been observed in the approaches used for the incorporation of FLI, which might have some impact on the severity of the assumptions underlying the scenarios used for the ECL modelling, and which deserve further consideration from supervisors.

Regarding classification and measurement, a wide array of practices was observed in the context of the IFRS 9 business model assessment, where further scrutiny and guidance is deemed necessary.

In terms of recognition and derecognition of financial instruments, some discrepancies have been observed in the derecognition of financial assets (like high percentages of recoveries after write offs) and/or recognition of accrued interest.

Furthermore, the EBA observed that a limited number of institutions made use of the IFRS 9 amended transitional arrangements introduced by the 'quick fix' of the Capital Requirements Regulation (CRR), representing a CET1 benefit of 119 bps as of December 2020.

The COVID-19 pandemic resulted in extraordinary circumstances that pushed IFRS 9 models outside their ordinary working hypothesis, thereby increasing the use of overlays at the level of IFRS9 risk parameters or directly at the level of the final ECL amount.

Going forward, the use of overlays across EU institutions should be subject to continued monitoring in order to understand whether (and to what extent) institutions will adjust their ECL models to incorporate the effects currently captured via overlays/manual adjustments, how many of the overlays will be maintained and for how long.

Next steps

The EBA will continue monitoring and promoting the consistent application of IFRS 9, as well as working on the interaction with prudential

requirements. Against this backdrop, the observations included in the Report will be used by the EBA when reacting to the International Accounting Standards Board (IASB) post implementation review of the standard, as well as to feed the reflections at EU level with regard to the previous resolution from the European Parliament on IFRS 9.

In parallel, the EBA will continue to work on the integration of the Hight Default Portfolios (HDPs) in the IFRS 9 benchmarking exercise and on its extension to institutions applying the standardised approach for credit risk.

Background

This Report has been published by the EBA on its own initiative, in line with its intention to continue scrutinising the implementation of IFRS 9 in the EU, as communicated in the IFRS 9 Roadmap, published in July 2019.

In this context, this Report summarises the findings from the monitoring activities conducted by the EBA, since the publication of its last report in December 2018, including, in particular, the findings stemming from the EBA 'IFRS 9 benchmarking exercise' as well as the observations from the qualitative assessment performed by the EBA with the aim of monitoring EU institutions' practices during the COVID-19 pandemic.

The report:
https://www.eba.europa.eu/sites/default/documents/files/document_library/Publications/Reports/2021/1024609/IFRS9%20monitoring%20report.pdf

Number 4

Raising Awareness of Cybersecurity

A Key Element of National Cybersecurity Strategies

Although cybersecurity is one of the most important challenges faced by governments today, public awareness remains limited.

Almost everybody has heard of cybersecurity and its importance; however, the behaviour of citizens does not always reflect a high level of awareness.

Cybersecurity is essential for individuals and for public and non-public organisations, yet observing security practices often proves to be difficult.

This report seeks to assist EU Member States in further building their cybersecurity capacities by analysing best practices on raising citizens' awareness of cybersecurity. It offers recommendations about ways for better communicating cybersecurity.

The need for cybersecurity awareness and skills is becoming increasingly urgent due to our dependence on Information and Communication Technology (ICT) across all aspects of our society.

Recent technological advances and the introduction of smart devices have forced both government and private organisations to create awareness of cyber threats and cybersecurity.

The coronavirus pandemic has further complicated the cyber threat landscape. In March 2020, the COVID-19 pandemic led to social distancing measures and travel restrictions.

The global effort to slowdown infection rates caused a rapid shift to remote working. In a short amount of time, IT security professionals had to respond to the challenges introduced by working from home arrangements, such as enterprise data movements whenever employees use their home Internet to access cloud-based apps, corporate software, videoconferencing, and file sharing.

Even though the hardware and software solutions may have been in place to secure the organisation's data, there were often no established policies to help employees through the jungle of threats and vulnerabilities they were to face when moving their workplace out of the traditional office environment.

With a lack of appropriate guidelines, training and cybersecurity awareness, adapting to such a 'digital by default' normal is difficult, and remote workers may inadvertently act in ways that expose the business to cyber threats.

Frequently reported examples of these kinds of mistakes are connecting w ork devices to public Wi-Fi networks, sharing corporate devices with family members without authorisation, connecting work devices to personal equipment without permission and using personal devices to access work applications and downloading unauthorised applications contrary to organisational policies.

All such frequent habits increase the risk of data exposure. In short, communication about cybersecurity issues is a complicated endeavour.

In this report, we have collected information and evaluated the intensity, regularity and diversity of different cybersecurity awareness practices and processes in EU Member States.

We present w ays in w hich Member States have achieved better cybersecurity awareness in society and have incorporated cybersecurity awareness into their national cybersecurity strategies (NCSS).

In addition, we provide recommendations in the following four areas: building capacities for cybersecurity awareness, regular assessments of trends and challenges, measuring cybersecurity behaviour and planning cybersecurity awareness campaigns.

To read more:
https://www.enisa.europa.eu/publications/raising-awareness-of-cybersecurity

Number 5

ESMA continues to see risk of market corrections amid elevated valuations

The European Securities and Markets Authority (ESMA), the EU's securities markets regulator, today publishes the second Risk Dashboard for 2021, covering the third quarter of the year. You may visit: https://www.esma.europa.eu/sites/default/files/library/esma50-165-1891_risk_dashboard_no_2_2021.pdf

ESMA maintains risk levels unchanged, at a high level, as the market environment remains defined by very high uncertainty, continued elevated asset valuations with risk of price corrections and abrupt shifts in risk premia.

Market reactions to the issues related to Evergrande have shown the continued importance of event risks, the reactivity of markets to such events, and the continued potential impact on investors and financial stability going forward.

The past few months have seen the macroeconomic outlook brightening, and there is realistic scope for a reduction in risk levels if improvements in financial markets prove resilient in the medium-term. This critically depends on the ability of markets to withstand the potential future phasing out of the pandemic-linked public and monetary support without material disruptions.

The most important risk drivers for the quarter are the economic outlook, inflation uncertainty, indebtedness in sovereign and private debt markets and political and event risks. Looking ahead, the scars of the pandemic, its resurgence in Q4, and uncertainty around inflation and the continuation of

fiscal and monetary policy support may exacerbate long-term vulnerabilities both for the financial and non-financial sectors.

Risk summary

EU financial markets continued to grow in 3Q21 but at a slower pace, with assets priced significantly above pre-crisis levels across all classes, reflecting growing investor risk-taking.

While the macroeconomic outlook has brightened, uncertainty over the speed and resilience of the recovery persists.

We see realistic scope for a reduction in risk levels within the market segments under our remit if the current improvements in the economic environment and the comparatively low volatilities in the market prove resilient.

This resilience will critically depend, in particular, on the ability of markets to withstand a reduction in public policy support on the monetary or fiscal side without material disruptions.

Market corrections and soaring volatility around the news flow related to Chinese construction corporation Evergrande illustrate the sensitivity of markets. Corporate indebtedness persists, especially in HY where bond valuations climbed further.

Uncertainty on the continuation of fiscal support measures, as well as expectations on monetary policy tapering, could weigh on pre-existing vulnerabilities in financial markets.

Supply shortages in energy and commodities add to market nervousness, fuelling concerns on inflation expectations. Going forward, institutional and retail investors should be ready to sustain further, potentially significant market corrections as market risks remain very high.

Note: Assessment of the main risks by risk segments for markets under ESMA's remit since the last assessment, and outlook for the forthcoming quarter. Assessment of the main risks by risk categories and sources for markets under ESMA's remit since the last assessment, and outlook for the forthcoming quarter. Risk assessment based on categorisation of the European Supervisory Authorities (ESA) Joint Committee. Colours indicate current risk intensity. Coding: green=potential risk, yellow=elevated risk, orange=high risk, red=very high risk. Upward arrows indicate an increase in risk intensities, downward arrows a decrease and horizontal arrows no change. Change is measured with respect to the previous quarter; the outlook refers to the forthcoming quarter. ESMA risk assessment based on quantitative indicators and analyst judgement.

Number 6

BaFin's medium-term objectives

German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin)

BaFin Federal Financial Supervisory Authority

As the integrated supervisory authority for the German financial market, BaFin is tasked with ensuring the proper functioning, stability and integrity of the German financial market and protecting the collective interests of consumers.

In order to fulfil this task as effectively as possible, following a preventive approach towards supervision, BaFin has set itself ten medium-term objectives, which are all given equal priority. These objectives are to guide BaFin's actions *from 2022 to 2025*.

BaFin formulated the objectives based on the current risks in the financial sector as well as risks that may arise in future. Over the coming years, BaFin intends to make significant progress in all of the fields of activity identified.

1. Stability and security

BaFin works to ensure that the companies it supervises and the financial system as a whole are resilient to stress in multiple scenarios – particularly interest rate and market scenarios – in terms of both capital adequacy and liquidity adequacy. Here BaFin focuses on its own scenario analyses.

BaFin assesses the long-term viability of business models, especially in light of digitalisation.

2. Operational resilience

BaFin monitors the resilience of the companies it supervises – with a particular focus on their technology platforms – in respect of their operational stability and security.

It focuses on combating the sharp increase in cyber risks and the changes in companies' risk profiles caused by the fragmentation of the value chain, especially due to the outsourcing of material activities and processes.

3. Problem companies

BaFin identifies weak companies at an early stage – in addition to those companies with problematic business models, inadequate control systems

or insufficient governance. BaFin takes corrective measures directly and visibly; it utilises well-prepared resolution strategies to oversee any market exits that become necessary, seeking to keep losses to a minimum.

4. Money laundering prevention

The fight against money laundering is an integral part of BaFin's supervision of financial institutions. Through its supervision, BaFin reduces the susceptibility of the financial industry to money laundering.

The control mechanisms and systems that companies have in place to prevent money laundering must be effective. BaFin is stepping up its supervisory activities in this area.

It cooperates with all of the relevant entities in efforts to prevent money laundering and is committed to effective European anti-money laundering supervision.

5. Consumer protection

BaFin pursues a clear strategy in the context of collective consumer protection. Its aim is to ensure that the public is better informed and to deter dubious providers.

BaFin effectively contributes to consumer information, particularly by communicating in a way that is geared to the specific requirements of the target audience – including on social media. Through targeted consumer information, BaFin helps enable consumers to protect themselves.

BaFin issues specific warnings regarding individual products and practices or intervenes when these could potentially damage groups of retail investors and depositors.

As part of its supervisory activities, BaFin also addresses the special challenges that the distribution channels pose for consumer protection.

6. Market supervision

BaFin has established an effective, one-tier financial reporting enforcement process. Here, as in the area of market supervision in general, BaFin ensures market participants are deterred from dishonest market practices and aggressive accounting practices.

7. Sustainability

BaFin considers issues of sustainability in its supervisory activities. Its focus in this respect is on the analysis and mitigation of financial risks for the supervised companies and on their compliance with disclosure requirements.

In order to protect consumers, BaFin combats misleading marketing practices ("greenwashing").

8. Innovation

BaFin has a comprehensive understanding of how new technologies are being used on the market, the risks they involve and their impact on new and old business models.

BaFin responds to these issues in its operational supervision and when setting rules, without favouring specific technologies or business models. Customers should be able to benefit from technological innovation without being unduly exposed to technology-driven risks.

BaFin focuses on the use of artificial intelligence in finance and the challenges this entails for effective supervision.

9. Modernisation and a bold supervisory culture

BaFin continuously develops its working methods and supervisory culture, for example by digitalising its processes and using modern technologies in supervisory activities to increase the speed and the quality of its supervisory decisions.

Efficiency gains achieved are reinvested to make BaFin more effective with its available resources.

10. Human resources development

BaFin is an attractive employer for highly qualified personnel. It offers specialists and managers equivalent career opportunities. BaFin promotes a culture of performance. Internal and international mobility is an inherent part of human resources development at BaFin.

Number 7

FINMA Risk Monitor 2021

Monitoring risk: central to forward-looking oversight of the financial markets

The Swiss Financial Market Supervisory Authority FINMA is an independent public supervisory authority with the legal mandate to protect investors, creditors and policyholders and ensure the proper functioning of the financial markets.

It thereby contributes to enhancing the reputation, competitiveness and future sustainability of the Swiss financial centre.

The main focus of FINMA's work is the supervision of the financial sector. This is designed to ensure that the supervised financial institutions remain stable and successful going forward, given the possible risks they are facing.

Assessing the risk position of individual supervised institutions is therefore a critical part of FINMA's supervisory activity. This makes its supervisory focus essentially forward-looking.

FINMA is publishing a Risk Monitor for the third time.

This will create additional transparency both for supervised institutions and the wider public about how it fulfils its statutory responsibilities.

The Risk Monitor provides an overview of what FINMA believes are the most important risks currently facing supervised institutions over a time horizon of up to three years.

Arrows indicate how these risks have trended since the last Risk Monitor. The Risk Monitor also describes the focus of FINMA's supervisory activity on the basis of prevailing risks.

In addition, it contains an update on climate risks, which were explored in detail in the 2019 Risk Monitor based on longer-term trends and risks, with an additional focus here on the issue of "greenwashing". Six of the seven principal risks cited in last year's Risk Monitor remain the same: the persistently low interest rate environment, a possible correction in the real

estate and mortgage market, defaults or corrections in connection with corporate loans and bonds abroad, cyberattacks, money laundering and increased impediments to cross-border market access.

The seventh principal risk from last year's Risk Monitor was a disorderly exit from the era of LIBOR reference rates.

On the basis of progress made by supervisory entities, this risk has now been downgraded and is no longer considered a principal risk.

It is therefore highlighted for a final time in this issue of Risk Monitor without the associated future measures.

Coronavirus pandemic

The financial markets remain heavily influenced by expansionary monetary policy on the part of central banks, which was relaxed even further to combat the consequences of the coronavirus pandemic, as well as by further support measures for the economy.

Existing economic imbalances – such as the growing debt of companies and governments alike, and dependency on economic and monetary policy measures – have increased further as a result of the pandemic.

The level of vulnerability and the risk of abrupt corrections to these imbalances therefore remain high. The coronavirus pandemic has had an impact on all six principal risks in the Risk Monitor.

To read more:
https://www.finma.ch/en/documentation/finma-publications/reports/risikomonitor/

Number 8

Which? uncover insecure smart products

National Cyber Security Centre

A Which? investigation has revealed nearly 2,000 smart products on online marketplaces that pose a risk to buyers' security and privacy. You may visit: https://www.which.co.uk/news/2021/11/hack-friday-online-marketplaces-flooded-with-insecure-smart-products/

Hack Friday: Online marketplaces flooded with insecure smart products

> *We've found more than 1,800 individual smart products on Amazon, eBay and AliExpress, including smart doorbells, wireless cameras and tablets, that could pose a risk to your security and privacy.*

Most of the products examined were unbranded, from little-known brands, or suspected clones of legitimate items, and used just four apps – Aiwit, CamHi, CloudEdge and Smart Life.

Alongside security firms 6point6 and NCC Group Which? found potential issues that could put users at risk – poor password security, unencrypted data transfer, unclear vulnerability reporting processes, and out of date devices.

Which? have provided useful advice to shoppers when looking to buy smart tech. They also provide advice if you own one of the affected products or one using the apps, which we can complement with NCSC guidance:

- Change your password – use strong passwords for important accounts and devices that might given access to your home network

- Run security updates – on smart home tech as well as your phones and other devices

- Be careful where you place the device

On smart devices specifically, we have our guidance on using them safely in the home at:
https://www.ncsc.gov.uk/guidance/smart-devices-in-the-home

The NCSC has worked alongside DCMS on the Product Security and Infrastructure Bill, which holds manufacturers, importers and distributors of digital tech to account if they don't follow basic cyber security approaches, protecting consumers from their devices being hacked by simple attacks.

Number 9

FSB Commonwealth of Independent States (CIS) group discusses risks relating to high debt levels and crypto assets

The Financial Stability Board (FSB) Regional Consultative Group (RCG) for the Commonwealth of Independent States (CIS) held a virtual meeting today.

Members discussed vulnerabilities in the global financial system that are of particular relevance to CIS economies and Emerging Market and Developing Economies (EMDEs) more generally. Topics covered included:

Longer-term financial risks stemming from the COVID-19 pandemic, in particular, corporate and household over-indebtedness and possible policy responses.

Procyclicality in the financial system and policy implications for EMDEs.

Developments in crypto-asset markets, including their impact on financial systems and financial stability in EMDEs.

Risks to financial stability relating to the entry of retail investors into CIS capital markets.

Progress to date and next steps for the G20 roadmap to enhance cross-border payments.

Promoting the development of financial education and the implementation of strategies to improve financial literacy in CIS countries.

The group also received an update on the FSB's work programme for 2022.

Notes

The FSB RCG for the CIS is co-chaired by Alexey Moiseev, Deputy Finance Minister of the Russian Federation, and Nerses Yeritsyan, Deputy Governor, Central Bank of Armenia. Membership of the RCG CIS comprises financial authorities from Armenia, Belarus, Kazakhstan, Kyrgyz Republic, Russia and Tajikistan.

The FSB has six Regional Consultative Groups, established under the FSB Charter, to bring together financial authorities from FSB member and non-member countries to exchange views on vulnerabilities affecting

financial systems and on initiatives to promote financial stability.1 Typically, each Regional Consultative Group meets twice each year.

The FSB coordinates at the international level the work of national financial authorities and international standard-setting bodies and develops and promotes the implementation of effective regulatory, supervisory, and other financial sector policies in the interest of financial stability.

It brings together national authorities responsible for financial stability in 24 countries and jurisdictions, international financial institutions, sector-specific international groupings of regulators and supervisors, and committees of central bank experts. The FSB also conducts outreach with approximately 70 other jurisdictions through its six Regional Consultative Groups.

The FSB is chaired by Randal K. Quarles, Governor, US Federal Reserve; its Vice Chair is Klaas Knot, President of De Nederlandsche Bank. The FSB Secretariat is located in Basel, Switzerland, and hosted by the Bank for International Settlements.

Number 10

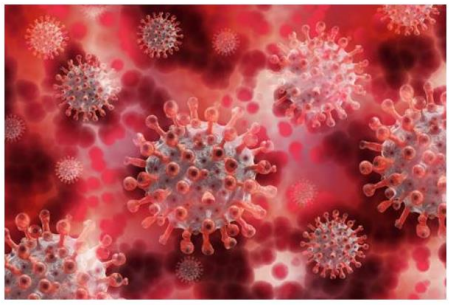
Streamlined NIST Tool Could Help Homeowners, Renters Reduce Airborne Exposure to COVID

NIST
National Institute of Standards and Technology
U.S. Department of Commerce

COVID-19 is still circulating in the U.S. and may once again gain traction as families and friends gather indoors over the holidays. There are several measures that, combined with vaccination, could curtail a new wave of infections. One often-overlooked approach for homes is managing air flow and air cleaning.

Leveraging ventilation and filtration has been an underutilized strategy for many residents throughout the pandemic because of the technical know-how required to implement these strategies. To help more people use this approach effectively, researchers at the National Institute of Standards and Technology (NIST) have developed a simple interactive webpage featuring the new Virus Particle Exposure in Residences (ViPER) tool. You may visit: https://www.nist.gov/services-resources/software/viper-virus-particle-exposure-residences

ViPER - Virus Particle Exposure in Residences



The web-based tool Virus Particle Exposure in Residences (ViPER) allows users to compare an individual scenario against multiple "what-if" scenarios related to particle exposure associated with a contagious visitor in the home. ViPER is a single zone indoor air quality and ventilation analysis tool developed by the National Institute of Standards and Technology (NIST) for evaluating an occupant's relative exposure to virus-laden particles exhaled by a temporary contagious visitor inside the home. There's also an option to evaluate the change in particle concentration. Behind the user interface of the tool is a database of 1,296 CONTAM simulation results, where each scenario is a variation on a set of input parameters such as home size, visit duration, and portable air cleaner speed, as well as mechanical ventilation and HVAC strategy. CONTAM (https://www.nist.gov/services-resources/software/contam) is a leading indoor air quality modeling software tool also developed at NIST. For modeling capabilities that extend beyond ViPER, consider using FaTIMA (https://www.nist.gov/services-resources/software/fatima) or CONTAM.

Click here to access the ViPER Tool

Version
1.0

Type of Software
Web Application

Last Updated
2021-11-22

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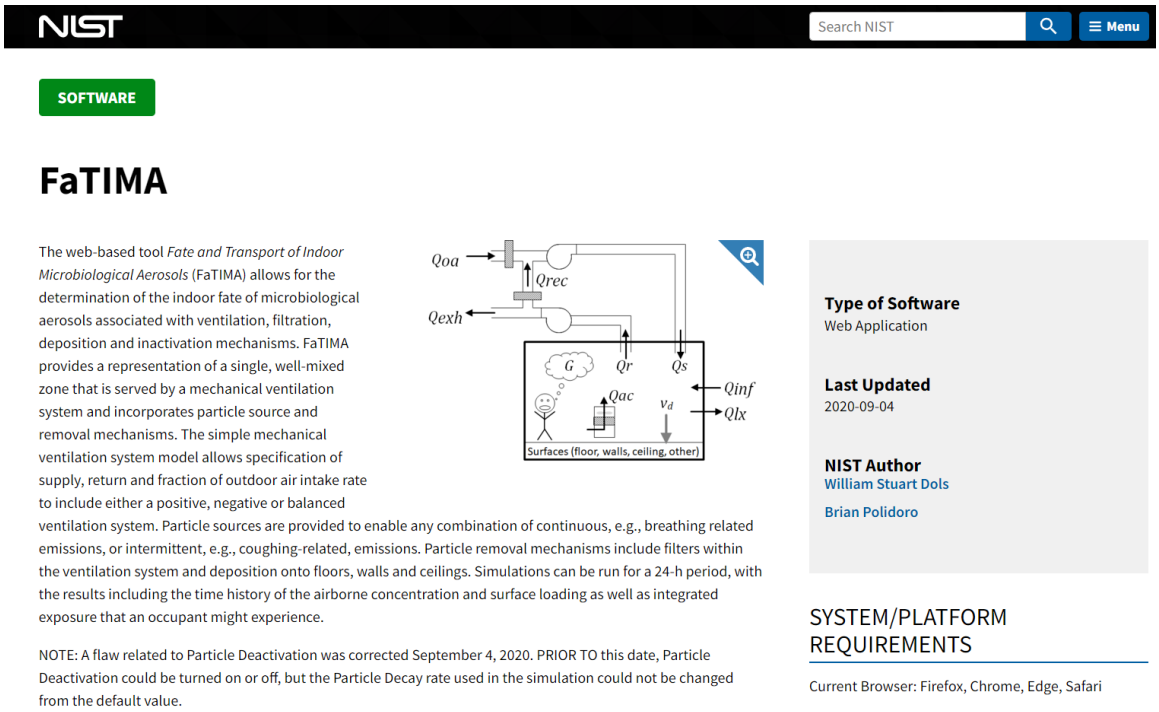
With ViPER — and some basic knowledge about their homes — homeowners and renters can learn how much certain actions, such as upgrading air filters or opening a window, may lower their risk of exposure to particles in the air that could potentially transmit COVID-19.

ViPER is based on an earlier tool developed in 2020 by NIST researchers with expertise in creating airflow and containment transport models. Called Fate and Transport of Indoor Microbiological Aerosols (FaTIMA), the web-based program estimates the concentration of exhaled aerosols — a collection of liquid and solids floating in the air, also often referred to as particles — a person would encounter in a single space.
You may visit: https://www.nist.gov/services-resources/software/fatima



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SOFTWARE

FaTIMA

The web-based tool *Fate and Transport of Indoor Microbiological Aerosols* (FaTIMA) allows for the determination of the indoor fate of microbiological aerosols associated with ventilation, filtration, deposition and inactivation mechanisms. FaTIMA provides a representation of a single, well-mixed zone that is served by a mechanical ventilation system and incorporates particle source and removal mechanisms. The simple mechanical ventilation system model allows specification of supply, return and fraction of outdoor air intake rate to include either a positive, negative or balanced ventilation system. Particle sources are provided to enable any combination of continuous, e.g., breathing related emissions, or intermittent, e.g., coughing-related, emissions. Particle removal mechanisms include filters within the ventilation system and deposition onto floors, walls and ceilings. Simulations can be run for a 24-h period, with the results including the time history of the airborne concentration and surface loading as well as integrated exposure that an occupant might experience.

NOTE: A flaw related to Particle Deactivation was corrected September 4, 2020. PRIOR TO this date, Particle Deactivation could be turned on or off, but the Particle Decay rate used in the simulation could not be changed from the default value.

Type of Software
Web Application

Last Updated
2020-09-04

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SYSTEM/PLATFORM REQUIREMENTS

Current Browser: Firefox, Chrome, Edge, Safari

Oftentimes, these particles are harmless, but in other instances, they can harbor pathogens, such as the virus that causes COVID-19. It is generally difficult to predict how many particles would be carrying a virus in a given scenario, but FaTIMA's calculations cover all bases by describing exhaled particles whether or not they contain pathogens.

The tool's specific purpose is to guide people in selecting strategies to reduce the number of airborne particles indoors in general, which could in turn mitigate COVID-19 transmission.

However, it is mostly geared toward engineers, building managers and others familiar with heating, ventilating and air conditioning (HVAC) systems, as it requires users to provide a great deal of technical information about a space and its HVAC system.

The same NIST team, in collaboration with the Centers for Disease Control and Prevention (CDC) and with support from the CDC Foundation, a

nonprofit organization, aimed to put together more streamlined tools based on data from FaTIMA that could be useful for the average resident.

“Even as a researcher it would take me a while to gather all the necessary information to run FaTIMA. But this tool is a lot easier to use,” said mechanical engineer Lisa Ng, a member of the NIST team. “You don’t need any information on hand except your house size and some basics about your HVAC, and you could potentially learn something to help you make better decisions.”

Ng and her colleagues ran nearly 1,300 simulations in FaTIMA, altering seven different variables. In addition to home size, they varied air filter efficiency (often appearing on products as a MERV rating), the use of portable air cleaners, the duration of a gathering and more. Each simulation produced a value representing the concentration of particles to which someone could be exposed.

These simulations formed the basis of ViPER, a NIST tool that allows users to explore the team’s results through seven drop-down menus, each related to a variable with some degree of influence over the number of particles in a home. The CDC also used the results to develop a separate, further streamlined interactive ventilation tool with even fewer user inputs.

By selecting the options under each menu in ViPER that most closely match their current scenario, users could establish what particle exposure could be in their home’s current state. From there, users could tweak their inputs in the menus and find out the degree to which different actions could reduce their exposure compared with their initial scenario.

Imagine an owner of a 1,000-square-foot house is hosting a four-hour holiday party, with all the windows closed and a MERV 6 filter installed in the HVAC system.

“A homeowner might find that upgrading their HVAC filter to a MERV 13 filter if possible, adding a portable HEPA air cleaner, or running their fan for an hour after their gathering could make an impact on their potential exposure,” Ng said. “There are many different things someone could learn depending on their situation.”

The new interactive tool is designed to provide pertinent information to residents and better equip them to take basic but important steps, be it adding a portable air cleaner or running an HVAC system fan for longer than typical.

An important consideration for users to keep in mind is that, at the moment, ViPER is still only able to approximate any home as a single space, and there are several other factors not yet accounted for in the tool, such as the exhaust-only ventilation provided by bathrooms and kitchen fans.

“While adequate for conveying general concepts, the tool’s calculations are not meant to be taken as a comprehensive assessment of COVID being transmitted in a home,” Ng said.

In the future, the researchers plan to expand their modeling capabilities, but for now, the interactive tool has been published on the NIST website to help residents prepare for the holidays.

The CDC’s interactive ventilation tool is also available, along with additional resources on improving home ventilation.

To read more:
https://www.nist.gov/news-events/news/2021/11/streamlined-nist-tool-could-help-homeowners-renters-reduce-airborne

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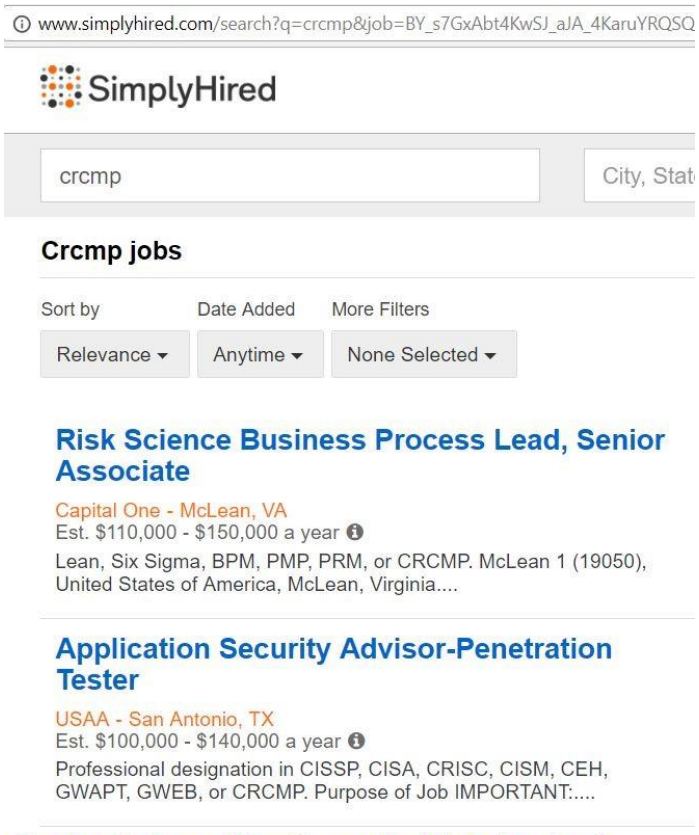

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