

21st ISSA Symposium - Context Document

Breakout Session 2: Holistic Risk Management in Securities Services

HYPOTHESIS

Organizations today face an evolving threat landscape that cannot be addressed by the historically siloed approach to risk management. Globally, the Securities Services industry has seen fundamental risk challenges in the last five years from pandemics, meme stocks, regulatory change, geopolitical unrest and others.

Risks have historically been managed in a relatively siloed approach where the CEO has, sometimes, been the only point where the responsibility for these risks converge. For example, the Chief Risk Officer may cover credit, market, liquidity and operational risk but cyber risk control reports go through the Chief Information (Technology) Officer.

The interconnectedness of risks today creates an impetus for organizations to rethink their approach to risk management. It is no longer possible to think of assessing and implementing solutions to potential risks individually. The danger is that, through implementing a solution to mitigate one risk, there could be knock-on impacts with unintended consequences.

For example: to increase operational resilience, cloud adoption may be an answer. The trade-off is potentially within cyber risk where increasing the surface area of a potential attack increases the likelihood of penetration.

The objective of the Breakout Session will therefore be to debate the theme, consider if there are areas that the ISSA membership feel resonate and, where this is the case, review whether this is something that should be taken forward by ISSA in some way.

PRE-READING

Breakout Session participants should read the following collateral to familiarize themselves with the hypothesis prior to the Symposium:

[WEF 2023: Here's how business can adapt to a changing risk landscape](#)

[SAS Institute - From Crisis to Opportunity: Redefining Risk Management](#)

[Deloitte: Custody Risk Domains – Traditional and Digital Assets](#)

IDEAS FOR CONSIDERATION

Below is a list of ideas that the Breakout Session participants may wish to consider during their discussions:

Risk Management Approach

- Consider the adequacy and completeness of present risk management approaches
- Review the benefits and challenges of a holistic in comparison to a siloed risk management approach

Risk Interconnectedness

- Consider the different risks and the impact and implications of dependencies:
 - Strategic and reputational risks
 - Compliance, regulatory and legal risks
 - Financial risks
 - Operational risks (non-technical, IT)
 - Other risks (e.g. Cyber, Cloud, etc.)