

Aptivaa

Adoption of Cloud Service for Regulated Entities by SEBI



Milestones

The REs which are currently availing cloud services, shall provide milestone-based updates as follows:

#	Timeline	Milestone
1	Within one (1) month of issuance of framework	REs shall provide details of the cloud services, if any, currently deployed by them.
2	Within three (3) months of issuance of framework	The REs shall submit a roadmap (including details of major activities, timelines, etc.) for the implementation of the framework.
3	From three (3) to twelve (12) months of issuance of framework	Quarterly progress report as per the roadmap submitted by the RE.
4	After twelve (12) months of issuance of framework	Compliance with respect to the framework to be reported regularly

Principles of Cloud Framework

The cloud framework provides mandatory requirements to be fulfilled by the RE for adopting cloud computing to augment the business prospects through scalability, reduced operational cost, digital transformation, and reduced IT infrastructure complexity.

The cloud framework is a principle-based framework which has nine high-level principles. The framework highlights the risks associated with cloud adoption and recommends the necessary mandatory controls. The document also recommends baseline security measures required to be implemented (by RE and CSP), and RE may decide to add additional measures as per its business needs, technology risk assessment, risk appetite, compliance requirements in all the applicable circulars/guidelines/ advisories issued by SEBI from time to time, etc. Following are the core principles.

- Governance, Risk & Compliance:
- Selection of Cloud Service Providers (CSP)
- Data Ownership & Localization
- Responsibility of the Regulated Entity
- Due Diligence by the Regulated Entity
- Security Controls
- Contractual & Regulatory Obligations
- BCP, Disaster Recovery & Cyber Resilience
- Vendor Lock-In & Concentration Risk Management

Suggested Considerations

Identify cloud service providers and nature of cloud operating model

- Review the cloud governance and security controls implemented to monitor the cloud security controls
- Assess and identify the gaps against the required mandatory security controls
- Document and communicate the roadmap for cloud security framework implementation.

How can Aptivaa help?

Cloud Security Framework review and update

- Assess existing cloud risk strategy, policies, procedures, and tools.
- Consider roles and responsibilities skills in cloud computing and security.
- Cloud security strategy and governance to aligned with core business & technology strategy.

Gap Assessment

- Review the scope and coverage of what would constitute cloud computing and security against the SEBI guidelines.
- Assess existing cloud risk governance (for regulated entities and inter entity) to identify gaps in direction, evaluation or monitoring of risk topics.

Continuous implementation support and testing

- Continue to assess the scope of threat led vulnerability and penetration testing), which contributes to SEBI requirements.
- Assess the services received from third party service providers to identify any that would an additional level of governance and oversight.

References: *This document is to be read in reference with the SEBI Circular: https://www.sebi.gov.in/legal/circulars/mar-2023/framework-for-adoption-of-cloud-services-by-sebi-regulated-entities-res-_68740.html*



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