Policy Approaches to Strengthen Cybersecurity for Cryptoasset Exchange Service

- **Domestic and foreign investors have come to position cryptoassets as investment targets**. In the meantime, since the emergence of Bitcoin, a number of cyberattacks causing the outflow of cryptoassets have occurred worldwide.
- In particular, in recent years, cases involving the outflow of cryptoassets are not necessarily caused by the theft of signing keys, but **the trend of employing various other ingenious tactics, including indirect attacks, such as a social engineering attack and intrusion into outsourcees, has become prominent**. In addition, the occurrence of cyberattacks suspected of involving some national governments for the purpose of acquiring foreign currencies is also pointed out. Under such circumstances, **a report by the Working Group on the Cryptoasset System points out the need for cryptoasset exchange service providers to work hard to enhance their cybersecurity**.
- **In order to further strengthen cryptoasset exchange service providers' cybersecurity**, **the FSA** decided to encourage individual service providers to make self-help efforts and the industry as a whole to make mutual assistance efforts, and to take certain support measures from the perspective of public assistance efforts, and compiled and **published** those efforts **as the policy approaches**.

Steady implementation of self-help efforts

The FSA will encourage individual cryptoasset exchange service providers to steadily take cybersecurity measures (self-help efforts).

- To intensively monitor individual service providers' cybersecurity systems and ascertain and analyze the current situation in a cross-industrial manner
- To consider raising the levels of cybersecurity expected by the Guideline for Supervision of Crypto-Asset Exchange Service Providers (e.g. levels of the personnel structure relating to cybersecurity, external audits, and management of outsourcees, etc.)

Promotion of mutual assistance efforts

In light of the existence of problems regarding cybersecurity that cannot be handled by individual cryptoasset exchange service providers alone, the FSA will encourage efforts by the entire industry (mutual assistance efforts).

- To recommend the self-regulatory organization to strengthen its system for enhancing its capability to develop self-regulatory rules on cybersecurity and to supervise its members
- To recommend cryptoasset exchange service providers to positively participate in information sharing organizations (such as JPCrypto-ISAC), thereby strengthening the information sharing functions of the industry as a whole

Public assistance efforts

The FSA will also offer support as necessary (public assistance efforts).

- To conduct analytical surveys of past cyberattacks against cryptoasset exchange service providers inside and outside Japan (Blockchain Multilateral Joint Research Project)
- To continue improving the scenario for cryptoasset exchange service providers in the Financial Industry-Wide Cybersecurity Exercise (Delta Wall), which is organized and implemented by the FSA
- To conduct Threat-Led Penetration Testing (TLPT) targeting several cryptoasset exchange service providers and demonstrate its effectiveness