

Dear NMG Chairperson,

Recent events are a watershed moment for our industry. Customer environments have been targeted and successfully compromised, allowing fraudulent messages to be transmitted over the SWIFT network – a stark reminder that cyber security is absolutely critical to the financial industry and our community in particular. These events require your cooperative to re-assess, develop and evolve.

We *are* responding. The SWIFT Board is fully engaged in managing SWIFT's response to the community's most pressing challenge. This has your Board's full attention.

As you are aware, SWIFT has recently announced a new customer security programme. The programme seeks to increase cyber security cooperation within the financial industry, and to help the community protect itself against cyber threats. The Board has closely guided management in the development of this plan, has endorsed it, and will be central to ensuring its further definition by the community, as well as to its adoption.

Our Response

We find ourselves in unprecedented times; our response requires an unprecedented effort – from all of us, from the Board, from management and from the community.

Firstly the Board. The Chairs' committee (composed of the Chairs of the Committees) has been meeting weekly for the last several months to oversee management's response to these events, and we are all personally committed to continue doing so as we move ahead. The Board itself has recently met twice in extraordinary sessions, and now intends to meet monthly to ensure this program's success. For their part, the Technology and Production committee will continue to oversee and enhance our cyber defenses, the Audit and Finance committee will work to further leverage third-party external reviews and the Franchise Risk Committee, will ensure the maintenance of the appropriate risk focus and risk appetite. The Securities and Payments committees will focus on SWIFT's commercial reprioritization. The Board's focus on all these issues will be unremitting.

On the management side, I have been assured by the Chief Executive and the Exco that the programme is a top priority for the cooperative, and that it will receive all the right focus and investment.

The programme itself focuses on five mutually reinforcing strategic initiatives:

- Improving information sharing amongst the global community
- Enhancing SWIFT related tools for customers
- Enhance guidelines and provide audit frameworks
- Support increased payment pattern controls
- Enhance support by third party providers.

Leadership for this programme is in place, and as it proceeds, SWIFT will examine all avenues; nothing will be 'off the table' as we work collectively to solve the challenges we face as an industry.

This takes me to the community. This programme is designed *for* the community, and will be shaped *by* the community. We will all need to work together in very close partnership – with different user segments and expert groups on the further elaboration of these initiatives, on their detailed design, roll-out and their adoption. Drawing on our community's advice and input, we aim to set up consultative groups, for example a CISO forum, a Payment Pattern Recognition expert group, and to establish a close cyber dialogue right across the community.

Our Community

The Board is committed to facilitating all of this. As users and members of the community, we are uniquely positioned to ensure this programme's success – and unequivocally committed to its success. SWIFT's governance was designed to provide both the continuity and expertise needed to support the global financial community in situations like these. With technology, operations, security, payments, securities, and compliance experts, we have a unique combination of skillsets on the board, a broad range of expertise from a wide geography, and a sound mix of viewpoints, with both longer standing and newer members. This programme will require our time, patience, energy and

engagement – and we are prepared to commit all of these. In addition we will ensure this is done in full transparency and cooperation with central banks and overseers.

Cooperative governance and engagement was the foundation of SWIFT, and remains pivotal to SWIFT's success to this day. The same governance model that was put in place back in the 1970s allowed the cooperative to grow from those relatively inauspicious and humble beginnings to the unique, global cooperative that SWIFT is today. The model has ensured the cooperative has remained true to its true North, throughout its history; it has ensured the system's security and resilience, it has made sure prices have been kept down; it has driven innovation, while maintaining boundaries; and it has successfully shaped SWIFT's priorities.

Together we have not only forged a common language, but also evolved to create a shared, trusted and reliable platform, a ubiquitous system that benefits us all. Our governance ensures the representation of *all* users, whether small or large, and from wherever they come in the world. More than 11,000 users from 200 countries are represented on our Board – and in our minds, every time that we meet.

In the last ten years alone we have reduced average messaging prices by nearly 80%; we have increased the resilience of the network, added a third state-of-the-art data centre, raised SWIFT's financial reserves to an all-time high, and extended the product range to better support the Payments and Securities sectors, as well as users' Financial Crime Compliance needs.

More than 40 years on from our start, we should be proud about what the community has built, how it has evolved, and continues to evolve and about the community itself. As a community we face a threat like never before, and as a community I believe we can overcome it; we are ever vigilant and we are always ready to respond. We must leverage our governance model, our cooperative structure – and we must meet this challenge head on.

Our Commitment

The cyber threat we face today is far more organized and far more sophisticated than any we have seen before. It is focused on and is impacting the internal environments of the banks – a place and SWIFT has not previously stepped in to. SWIFT's priority has rightly been on its network; over the years SWIFT's governance and oversight has placed a relentless focus on the resilience, security and integrity of the network – and rightly so; there is no evidence that SWIFT's network or SWIFT's core messaging services have ever been compromised.

Securing the community in the face of this threat means these efforts will have to intensify; the Board will ensure they will. At the same time, however, we are keenly aware that the threat requires a fundamental review of the borders between the network and users; the boundary may have to change. We will ensure that we leave no stone unturned as we explore the options.

The Board will earmark a dedicated investment this year for this program and we will continue to assess incremental needs this year and next. As an industry we will bear these costs, and as users, we will each face costs of our own. We must make these investments, and we must make them wisely; our governance will play a key role here, and we will leverage it in terms of expertise, cost control, commitment and discernment.

The cooperative has faced challenges before and overcome them. On behalf of my fellow Board members, I would like to assure you we are committed to ensuring we will do the same again. I am confident that this Board, the management team, *and* the plan we have crafted together will allow us to respond to these critical events in our community. But we also count on your involvement, your support, and your commitment. We can only do this *together* – and we *need* to do this together.

I hope you will join me in thanking the SWIFT team for the work they have been doing in helping the community respond to these recent events – and I hope that you will continue to leverage all of us in this endeavour. Success will depend on a relentless focus on execution by SWIFT, deep involvement by the community and close engagement with the Overseers. Your Board commits to actively govern this initiative and to keep you informed.

Yours Sincerely,

Yawar Shah.