(Unofficial Translation)

Notification of the Insurance Commission

re: Criteria, Methods, and Conditions for Governing Enterprise Risk Management and Own Risk and Solvency Assessment of Life Insurance Companies B.E. 2562

By virtue of clause 38 (13) of the Life Insurance Act B.E. 2535 (1992) as amended by Life Insurance Act (No. 2), B.E. 2551 (2008) and the resolution of the meeting of the Insurance Commission No. 9/2561 on 24 August 2561 and 13/2561 on 24 November 2561, the Insurance Commission issues the following notification.

Clause 1 This Notification is called the Notification of the Insurance Commission re: Criteria, Methods, and Conditions for Governing Enterprise Risk Management and Own Risk and Solvency Assessment of Life Insurance Companies, B.E. 2562.

Clause 2 This Notification shall be effective after ninety days from the date of publication in the Government Gazette.

Clause 3 The Notification of the Insurance Commission re: Criteria, Methods, and Conditions for Determining Minimum Standard in Risk Management of Life Insurance Companies, B.E. 2560 (2017) dated 24 July 2017 shall be canceled.

Clause 4 In this Notification:

"Tier 1 company" means a company that has any of the following characteristics:

(1) a company that has total asset value under the notification regarding property and liabilities assessment of at least Baht 90 billion; or

(2) a company licensed to operate reinsurance business under the life insurance law.

"Tier 2A company" means a company that has any of the following characteristics:

(1) having total asset value under the notification regarding property and liabilities assessment less than Baht 90 billion but not less than Baht 10 billion or

(2) having total asset value under the notification regarding property and liabilities less than Baht 10 billion and being a branch of a foreign life insurance company or a subsidiary company of a business group in a foreign country.

A subsidiary company of a business group in a foreign country means a company where foreigners hold 20 percent or more of the shares.

"Tier 2B company" means a company that does not have any characteristics of a Tier 1 or Tier 2A company.

"Notification regarding property and liabilities assessment" means the notification of the Insurance Commission regarding assessment of property and liabilities of life insurance companies.

"Notification regarding internal control" means the notification of the Insurance Commission regarding criteria, methods, and conditions in receipt of payment, payment, audit, and internal control of life insurance companies.

"Company" means a public company limited licensed to operate life insurance business under the life insurance law and a branch of a foreign life insurance company licensed to operate life insurance business in the kingdom pursuant to the life insurance law.

"Board of directors" means the board of directors of a company under the life insurance law and the board of directors of a branch of a foreign life insurance company licensed to operate life insurance business in the kingdom pursuant to the life insurance law; the branch manager must also be a director in the board.

"Manager" means a person who is assigned by the board of directors to take the highest responsibility in the management of the company; the manager can be called by any other name.

"Executive" means the manager or the persons holding executive positions in the next four levels under such manager, and any person who holds equivalent position to the four levels of executive, including any person who holds an executive position at the level of manager of the accounting or finance department or higher, or equivalent.

"Risk management framework" means the company's operation framework in managing risk that considers the main elements that support the company to manage risk effectively and sustainably.

"Risk management policy" means a policy that shows the method of risk management and provides details or explanation about risk assessment and key risk indicators used to control risk appetite.

"Risk management culture" means creation of organizational culture in a way that risk management is a part of work by building the personnel's awareness, attitude, and behavior on risk learning, risk-based business decisions, and risk management within the company.

"Risk status report" means a document showing the status and the change of enterprise risk; the report must specify the status and the change of main risks (at least in the top 10 risks specified in the Risk Register) that may affect the company's financial status and financial security.

"Risk management policy compliance report" means a document showing the progress of operation of the company's divisions that are involved with risk management. The report must cover the inability to comply with the risk management framework and policy, risk limit, and incident report.

"Incident report" means a report that comprises of at least the following details:

(1) type of incident;

(2) cause, effect, and damage value;

(3) level of damage, and

(4) responsible entities.

"Risk management result report" means a document that shows the efficiency of the risk management framework. The report must at least consist of the risk status report and the risk management policy compliance report.

"Business plan" means a document that shows at least the direction of work expansion, estimation of the company's growth, supporting plan for the company's work expansion, sales channels, types of products, investment, reinsurance, and Capital Adequacy Ratio estimation of the current year and in the future that is aligned with the business strategy.

"Information system" means record, collection, processing, and publication of information to support risk management and reports regarding the company's risk management.

"Economic capital" means the company's capital that is necessary for supporting the company's business operation and any damage within risk tolerance degree. The company must consider risks that reflect real economic value including relationship of risks and risk alleviation methods that the company is using.

"Office" means the Office of Insurance Commission.

Chapter 1
General provision

Clause 5 A company shall have Enterprise Risk Management (ERM) and Own Risk and Solvency Assessment (ORSA)) in order to minimize the effect of business volatility to an acceptable level and build a connection among risk, strategy, and capital in order to ensure that the company has stable financial status and capital and that the company's long-term and short-term objectives or goals are achieved.

For ERM and ORSA that are effective and suitable for the company's size, characteristics, and complexity, this Notification divides companies into three groups: Tier 1, Tier 2A, and Tier 2B. The companies must comply with the criteria, methods, and conditions of this Notification and the Schedules thereof.

Criteria on consideration of total asset value under the Notification regarding property and liabilities assessment of Tier 1 companies, Tier 2A companies, and Tier 2B companies means the total asset value under the Notification regarding property and liabilities assessment as of 31 December of the reporting year or the total asset value under the Notification regarding property and liabilities assessment as of the subsequent year, as per the estimate in the Enterprise Risk Management report and the Own Risk and Solvency Assessment report.

Clause 6 The company must implement an up-to-date process to monitor and respond to changes in the company's risk; a process that is called feedback loop, which is a part of Enterprise Risk Management, in order to increase Enterprise Risk Management's efficiency in identifying violation or possibility of violation of the company's risk limit.

The response to the change in the company's risk must take into consideration incidents inside and outside the company and the change in benefits and expectation of policy holders and other interested persons. In addition, the company must assess new risks and new information at least once every quarter.

Clause 7 The company must conduct Own Risk and Solvency Assessment at least once a year or when there is any material change in order to estimate the company's adequacy in risk management. The company must analyze the company's security status at the present and in the future. The period for analysis must be aligned with the period of the company's business plan.

Own Risk and Solvency Assessment must consider all material risks that may affect the company's ability to take actions as per the liabilities that the company has towards the policy holders, any impact from any future change in economic status, or any other external factors.

Clause 8 The company must create a structure of risk management that clearly allocates duties and governance, so that the Enterprise Risk Management can be conducted effectively.

Clause 9 The company must have a risk management culture that is aligned with the company's risk management framework. Risk management culture must be implemented in the company's business operation. The company must also have appropriate internal controls that support risk management.

Clause 10 The Office may impose more guidelines for the compliance with this Notification. When the company complies with such guideline, it will be deemed that the company complies with this Notification where applicable.

Chapter 2
Risk management policy

Clause 11 A company must create a clear risk management policy in writing and approved by the company's board of directors and communicate with the employees about such policy for strict compliance. Risk management policy must be aligned with the company's business plan in terms of time period and operation.

The business plan must be approved by the board of directors and must be done in writing.

Clause 12 Risk management policy must consist of at least the following details:

(1) the company's policy in managing risks that the company has or will have;

(2) connection of risk management process, the overall structure of risk management governance, and the company's risk culture;

(3) relationship among determination of premium, development of insurance products, consideration of insurance application, and investments;

(4) guideline on reporting risk and responsibilities of persons involved in risk management process;

(5) framework of crisis testing that indicates the frequency of such testing and the essence of such testing; the framework includes regular testing and cases for special testing;

(6) risk tolerance for significant risk in each activity in clause 14 that is aligned with the company's risk appetite;

(7) connection among risk tolerance, capital that must be maintained under the law, economic capital (if any), and risk monitoring process, and

(8) explanation of relationship among risk management policy, strategy, and business operation objectives within the context of current and future situation.

Clause 13 The company shall revise its risk management policy at least once a year or within 30 days after the company makes a change in business strategy or a significant risk happens.

In addition, the company must ensure that risk management policy is reported to the board of directors and executives at least once a year and is available for the Office's investigation at all times.

Clause 14 The company shall write the risk management policy that includes at least the following activities:

(1) development of insurance products and determination of premium;

(2) offering and premium collection;

(3) application consideration;

(4) insurance reserve evaluation;

(5) management of claims and benefits under insurance policies;

(6) reinsurance;

(7) investment in other business;

(8) asset and liabilities management, and

(9) outsourcing (if any) pursuant to the criteria in the Notification of the Insurance Commission regarding guideline on outsourcing for insurance companies.

Clause 15 The company must implement a risk management scope that is aligned with the company's risk management framework and risk management policy. The scope must cover important types of risk that exist in the company's activities and operation, which include at least the following:

(1) strategic risk;

(2) insurance risk;

(3) market risk;

(4) credit risk;

(5) liquidity risk;

(6) operational risk;

(7) reputation risk;

(8) information technology risk;

(9) catastrophe risk;

(10) emerging risk, and

(11) group risk (if any).

Chapter 3
Risk management process

Clause 16 A company must have the following risk management process.

(1) The company must identify all related significant risks and expected risks that might occur to the company and sources of such risks that may affect the company, financially or non-financially. The company must make a risk register by considering the company's direction of work expansion and supporting plan for work expansion as per the business plan and review the company's risk at least once a year or every time there is a significant change to risk situation.

(2) The company must assess risk and implement the method of assessment and guideline on prioritizing risks.

(3) The company's response to risk must be aligned with the company's risk tolerance.

(4) The company must control and monitor the assessment process for risk management so that the company's risk is within the company's risk appetite. The company's board of directors and executives must be regularly informed about the efficiency of risk control.

(5) The company must make reports on risk management information and risk status based on types of risk, taking into consideration the company's overall risk management framework and policy. The company must prepare the following documents, which must be available for the Office's investigation at all times:

(a) summary of risk status report and summary of risk management policy compliance report; the reports must pass the risk management committee's scrutiny and be presented to the board of directors at least once every quarter;

(b) summary of internal audit report of the year prepared by internal audit division; such report must be considered by the audit committee or the company's board of directors at least once a year, and

(c) minutes of board meeting concerning risk management result report, which must be done at least once a year or when there is an incident that may significantly affect the company's financial security.

Chapter 4
Maintenance of capital

Clause 17 A company must consider the amount of capital necessary for business operation under the company's risk appetite in alignment with the business plan. The company must demonstrate that the company's capital is adequate as required by law and take into consideration the company's quality and capacity in accessing capital resources.

Any action taken under risk management process in Chapter 3 must take into consideration the economic capital (if any), maintained capital under the law, and the company's capital.

Clause 18 The company shall calculate the economic capital. However, if the maintained capital under the law is already adequate, the company is not required to further calculate the economic capital but it shall prepare a document stating clear explanations and reasons.

Chapter 5
Financial security evaluation and capital management

Clause 19 The company shall determine internal Capital Adequacy Ratio, which must be higher than the Capital Adequacy Ratio prescribed by the law, and explain the method of determining such internal Capital Adequacy Ratio.

Clause 20 The company shall create a capital management process that is aligned with the business plan for both timeframe and procedures.

Clause 21 The company shall make a capital contingency plan in order to support the operation as per the business plan under changing business environment; this plan is a part of capital management plan and must include at least the following elements:

(1) determination of Capital Adequacy Ratio thresholds, which is a signal for the company to start implementing measures to maintain the capital at an appropriate level; and

(2) determination of measures to minimize the risk that the company is facing and guideline on increasing capital that can be implemented when Capital Adequacy Ratio is lower than the company's standard; the measures must be plausible, specific, and practical.

Other limitations for increasing capital must also be taken into consideration such as limitation concerning financial support from business group, etc.

Clause 22 The company must be confident that the usable capital assessment is adequate for the maintained capital under risk-based capital and economic capital framework (if any). The company must arrange procedures to control the capacity to increase capital in a case of emergency and provide evidence to the Office when requested.

Chapter 6
Connection of risk, strategy, and capital

Clause 23 In making an effective business plan, a company must analyze and evaluate its capacity in business operation based on the strategy that is connected with risk management framework and policy, and capital in normal situation and undesirable situation.

Clause 24 In making any business decision, the company must take into account all risk factors that affect financial security. Financial security management objective must always be a part of asset and liabilities management process.

Chapter 7
Continuity analysis and crisis testing

Clause 25 A company shall analyze business continuity under a variety of situations that are expected to happen in the future. Such analysis covers crisis testing for a period of time that is aligned with the business plan and risk appetite and must be conducted at least once a year.

Clause 26 Business continuity analysis must cover significant qualitative and quantitative risks under the company's framework regarding Enterprise Risk Management and Own Risk and Solvency Assessment. The company must also take into account the connection of risk and future change to the company's risk and estimate the company's financial status, maintained capital, and Capital Adequacy Ratio.

Clause 27 Scenarios to be used in continuity analysis must consist of base scenario, macroeconomic scenario, financial crisis scenario, pandemic scenario, and reverse stress test. At least one scenario must be a self-select scenario.

Clause 28 The company must make a management action plan as a result of the business continuity analysis so that the company has financial capacity in terms of capital and liquidity and make a Business Continuity Plan (BCP) in case that the company cannot continue to operate day-by-day business as normal.

Clause 29 If the Office is of the opinion that a situation or factor and any other risk may affect a company's revenue, capital, reputation, existence, insurance system, or stability of the financial system, the Office may issue a generalized or case-specific order for the company to conduct crisis testing in order to study the impact of such situation.

Chapter 8
Risk management culture

Clause 30 A company must give importance to building a risk management culture within the organization and take actions to ensure that risk management is a part of every employee's work. The company must take at least the following actions.

(1) The executives must implement direction, policy, and guideline on risk management and communicate with the employees about the objectives and benefits of organization risk management so that every employee is aware and sees the value of risk management.

(2) The company must conduct training so that the company's personnel understand, take care of, and are aware of any possible risk that affects the department, the organization, and related persons. The company must also support information exchange among divisions in the company.

(3) The company must integrate risk management to the company's business decision, business governance, and internal controls.

Chapter 9
Risk management governance structure

Clause 31 The company's directors who govern the compliance with this Notification shall have the following duties:

(1) approving the following matters:

(a) risk management framework;

(b) risk management policy;

(c) business plan and strategy;

(d) risk appetite and

(e) report on Enterprise Risk Management and Own Risk and Solvency Assessment;

(2) implementing business operation strategy that is aligned with the company's risk management framework and policy and risk appetite;

(3) governing the company in the following matters:

(a) managing the company's risk within the risk appetite;

(b) preparing risk status report and risk management policy compliance report;

(c) reviewing risk management framework and risk management policy at least once a year or when an important incident happens and it may significantly affect the company's financial security;

(d) the company's capital status so that it is secure and adequate for supporting business operation at the present and in the future; and

(e) supporting the work of the risk management committee and the risk management division so that the work is effective and complete and ensuring that adequate resources are allocated.

Clause 32 Executives have the following duties:

(1) being responsible for operating the business in compliance with the company's strategy, risk management framework, and risk appetite;

(2) being responsible for the reports on Enterprise Risk Management and Own Risk and Solvency Assessment and ensure that such reports are correct, accurate, complete and comply with the law; and

(3) educating personnel about risk management framework and policy and ensuring that the personnel can apply it in real working life.

Clause 33 The company shall have the risk management committee as per the provisions of this Chapter unless the company already has the risk management committee pursuant to the financial institution business law. Such risk management committee must be able to complete duties under clause 35.

For a branch of a foreign life insurance company that has the risk management committee in the headquarters or the regional office as per the regulations of the authorities governing life insurance business in such country, such risk management committee can be the risk management committee of the branch of the foreign life insurance company as per paragraph 1. The company must produce clear evidence that such risk management committee can govern the company so that the company fully complies with this Notification.

The company shall deliver to the Office the resolution to appoint the risk management committee, name list of the committee members, certification of each member's profile, as prescribed by the Office, within 30 days from the date that the board of directors or the shareholders meeting passes the resolution to appoint the risk management committee, and submit the charter of the risk management committee to the Office within 30 days from the date that the committee members assume their positions or the date that a significant change is made to the charter.

If a risk management committee member resigns or is removed before the expiration of his or her term of office, the company must report such resignation or removal and reasons to the Office in writing within 30 days from the date that the committee members status is terminated.

Clause 34 The company must have a risk management committee of at least five members depending on the company's size, characteristics, and complexity of company activities under the following provisions.

(1) The risk management committee must be appointed by the resolution of the board of directors or the shareholders meeting.

(2) At least one member of the risk management committee must be a director on the board of directors.

(3) The other members of the risk management committee must be directors on the board of directors, executives, or experts on the company's business operation risk.

Clause 35 The risk management committee shall have at least the following duties:

(1) determining risk management framework and policy and presenting it to the board of directors for approval; the framework and the policy must cover at least the important risks specified in clause 15;

(2) evaluating the company's adequacy, efficiency, and proficiency in risk management;

(3) conducting regular meetings at least once every quarter to monitor risk status, change in the company's risk, and the progress in risk management, and provide suggestions for improvement in compliance with the risk management framework and the risk management policy and report to the board of directors at least once every quarter;

(4) governing the company's overall activities that are risk-related;

(5) ensuring that the company conducts business under risk management policy; and

(6) preparing risk alleviation plan to handle emergency risk.

If necessary, the risk management committee may seek advice from a third-party consultant, at the company's expense.

Clause 36 The company must have a division that monitors and controls the company's operation (control functions) for issues about risk management, compliance, actuarial work, and internal audit. The company may choose to govern these issues by the same division or as per the company's organization structure. However, internal audit must be independent from other work.

Clause 37 The risk management division must have the following duties or take the following actions:

(1) supporting the work of the board of directors, risk management committee, and executives on issues related to the company's risk management;

(2) identifying the company's current risk and any risk that may happen in the future;

(3) assessing, collecting, and monitoring as well as helping the company's internal divisions identify, assess, and manage the company's risk so that it is within the company's risk appetite;

(4) creating guidelines on assessing and predicting the company's risk by regularly assessing risk environment within and outside the organization for prompt identification and assessment of any possible risk;

(5) considering risk from remuneration policy that the board of directors approves for directors, executives, main personnel in the organization as per clause 36, and major risk-taking staff;

(6) regularly conducting scenario analysis and crisis testing under risk management framework and policy;

(7) preparing the risk status report that specifies the company's current risk and the risk management policy compliance report in writing and present them to the board of directors and executives as well as other divisions that control the business operation on a regular basis;

(8) preparing documents and reports on any significant change that affects the risk management framework and policy and submit them to the risk management committee in order to insure that the framework and policy is practical and regularly improved;

(9) preparing the Enterprise Risk Management report and the Own Risk and Solvency Assessment report;

(10) taking any other action in order to maintain the risk appetite at company-level and business group-level; and

(11) conducting self-evaluation on work quality and follow up with any necessary improvement that boosts the efficiency of the risk management division.

If necessary, the risk management committee may seek advice from a third-party consultant, at the company's expense.

Clause 38 The company must appoint a supervisor of the risk management division who will take responsibility and control the work of the risk management division in compliance with the provision in clause 37. Such supervisor must be knowledgeable and have necessary skills for managing risk from the company's insurance business operation and have full access to all related resources.

The company shall report the appointment and the end of the appointment of the supervisor under the first paragraph to the board of directors or the risk management committee and the Office. Such matter must be reported to the Office within 30 days from the date of appointment or the end of appointment, as the case may be. If the company reports the end of the appointment, the company must provide reasons.

Clause 39 The supervisor of the risk management division must regularly arrange for a presentation of risk management results to the risk management committee and the executives at least once every quarter. The presentation must include at least the following:

(1) report on activities related to Enterprise Risk Management and change in the company's risk characteristics, including change to the risk management framework and policy and business plan; and

(2) evidence showing the process to monitor main risks based on the Risk Register.

The risk management division supervisor may act on behalf of the risk management committee when reporting the result of risk management to the board of directors as per clause 35 (3).

If there is an emergency that may significantly affect the risk management framework, the risk management division supervisor shall have the authority to directly report it to the board of directors.

Section 40 The internal audit division must comply with the provisions of the Notification regarding the company's internal audit. The internal audit division's duties shall be extended to cover risk management as follows:

(1) determining, applying, and maintaining the risk based audit plan to investigate and assess the alignment of the company's work process and risk management culture;

(2) determining and assessing adequacy and efficiency of policy, work process, and document preparation, as well as controlling work operation both at the company-level and the business-group level;

(3) assessing credibility, accuracy, completeness, and proficiency of the information management process and the method to identify, evaluate, classify, and report information used in the company;

(4) monitoring and assessing proficiency of the control functions, especially risk management division and legal compliance division and revealing to such divisions any important information for improvement;

(5) coordinating with the third-party auditor to increase efficiency of audit and minimize complexity of audit activity; and

(6) assessing work quality of the third-party auditor (if applicable).

Clause 41 Actuarial work must cover evaluation, revision, support and suggestion or opinion for the company on the following issues:

(1) the company's obligations or liabilities, including obligations under insurance policies and claims and reserve evaluation for financial risk;

(2) asset and liabilities management, taking into consideration appropriateness and adequacy of future asset and revenue; the management must cover the company's obligations towards insurance policy holders and maintained capital as well as obligations from other activities;

(3) the company's investment policy and asset appraisal that is related to the determined investment return in order to support insurance product's benefit payment;

(4) the company's financial security status, minimum capital calculation under the law, including the insured's liabilities and obligations;

(5) the company's goal on financial security status by evaluating capital adequacy and crisis testing under a variety of scenarios and measuring the effects on the company's assets, liabilities, and capital at the present and in the future;

(6) assessment of risk and risk management framework and policy in respect of actuarial work or the company's financial status;

(7) fair treatment to the insureds in respects of the allocation of profit to the insureds who hold dividend-paying policies (if any);

(8) adequacy and completeness of policies regarding provision of insurance;

(9) development, price fixing, and adequacy assessment of reinsurance plan;

(10) development and designing of insurance products as well as determination of insurance premium that is conducted at the same time as assessment of capital maintenance for providing insurance;

(11) adequacy, accuracy, and quality of information, methods, and assumptions used in insurance reserve evaluation;

(12) research, development, investigation, and implementation of internal models for actuarial or financial estimation and the company's risk and financial security assessment; and

(13) any other action that is related to actuarial science and finance as prescribed by the board of directors.

Clause 42 The legal compliance division must comply with the provisions of the notification regarding the company's internal control. The legal compliance division's duties are extended to cover the following:

(1) supporting and maintaining ethical organization culture that emphasizes responsibility and compliance with obligations inside and outside the organization;

(2) identifying, assessing, reporting, and complying with applicable law and regulations as well as obligations to the Office and other related risks;

(3) ensuring that the company has monitoring process, policy, work process, and control process that is aligned with the law, regulations, and ethics;

(4) conducting regular trainings on applicable law and regulations for employees in positions that have high responsibilities or employees who are involved with high-risk activities;

(5) coordinating and supporting any work operation that is related to reports with confidentiality level in order to avoid data leak and ensure that the reports are submitted as prescribed by the law;

(6) governing and monitoring any defect and violation of regulations and ensuring that adequate disciplinary action is taken and the issue is reported to the Office as required by the law; and

(7) conducting self-evaluation on the process that monitors the company's legal compliance and any necessary improvement in order to increase the efficiency of the legal compliance division.

Chapter 10

Information system to support risk management

Clause 43 The company must have a trustworthy information system that is aligned with the size, characteristics, and complexity of the business.

Clause 44 The company's information system must be able to support, monitor, and control risk management; the information must be used correctly and efficiently.

Clause 45 The company must have a secured information storage system, grant access only to relevant personnel, have information back-up and retrieval system in case of emergency, and implement risk management measures in respect of information and information system.

Chapter 11
Report and document submission

Clause 46 The company shall submit the Enterprise Risk Management report and the Own Risk and Solvency Assessment report pursuant to the criteria, methods, conditions, and time period prescribed by the Office.

Chapter 12
Provisional clause

Clause 47 All notifications or orders issued under the Notification of the Insurance Commission re: Criteria, Methods, and Conditions for Determining Minimum Standard in Risk Management of Life Insurance Companies, B.E. 2560 (2017) dated 24 July 2017 that are still effective as of the date that this Notification is effective shall still be effective as long as they are not contrary to the provisions of this Notification until further notifications or orders are issued under this Notification.

Announced on 18 January 2562

(Mr. Prasong Poonthanet)
Permanent Secretary of Finance
President of the Insurance Commission

(Unofficial Translation)

Notice

As insurance business is directly related to risk management, the provisions of this Notification have the purposes of determining the main elements of Enterprise Risk Management (ERM) and Own Risk and Solvency Assessment (ORSA) for companies, supporting effective integration of risk management in day-to-day business operation, and supporting strategic decision and analysis that includes risk management framework and policy that can connect risk, business strategy, and capital maintenance, financial security assessment, and governance that are effective and appropriate for the company's size, characteristics, and complexity of activities. Therefore, this Notification is issued.