

Cross-boundary Data Flow within the Greater Bay Area

January 2024



Key regulatory updates on cross-boundary data transfer

Facilitating data flow in the Greater Bay Area (GBA) is an important initiative to promote the integrated and high-quality development of the region as well as the growth of the digital economy. To facilitate this, authorities on both sides of the border have entered into an MoU to foster cross-border data flow in the GBA in a safe and orderly manner.

The “Memorandum of Understanding on Facilitating Cross-boundary Data Flow within the Guangdong-Hong Kong-Macao Greater Bay Area” was agreed by the Innovation, Technology and Industry Bureau of the Hong Kong (SAR) Government and the Cyberspace Administration of China (CAC) in June 2023

Under the MoU, the Office of the Government Chief Information Officer (OGCIO) introduced a pilot implementation scheme for the GBA Standard Contract - a template that provides for the responsibilities and obligations of both contracting parties in protecting personal information - on 13 December. Participation in the pilot scheme is voluntary and available to individuals and organisations in the banking, credit referencing and healthcare sectors.

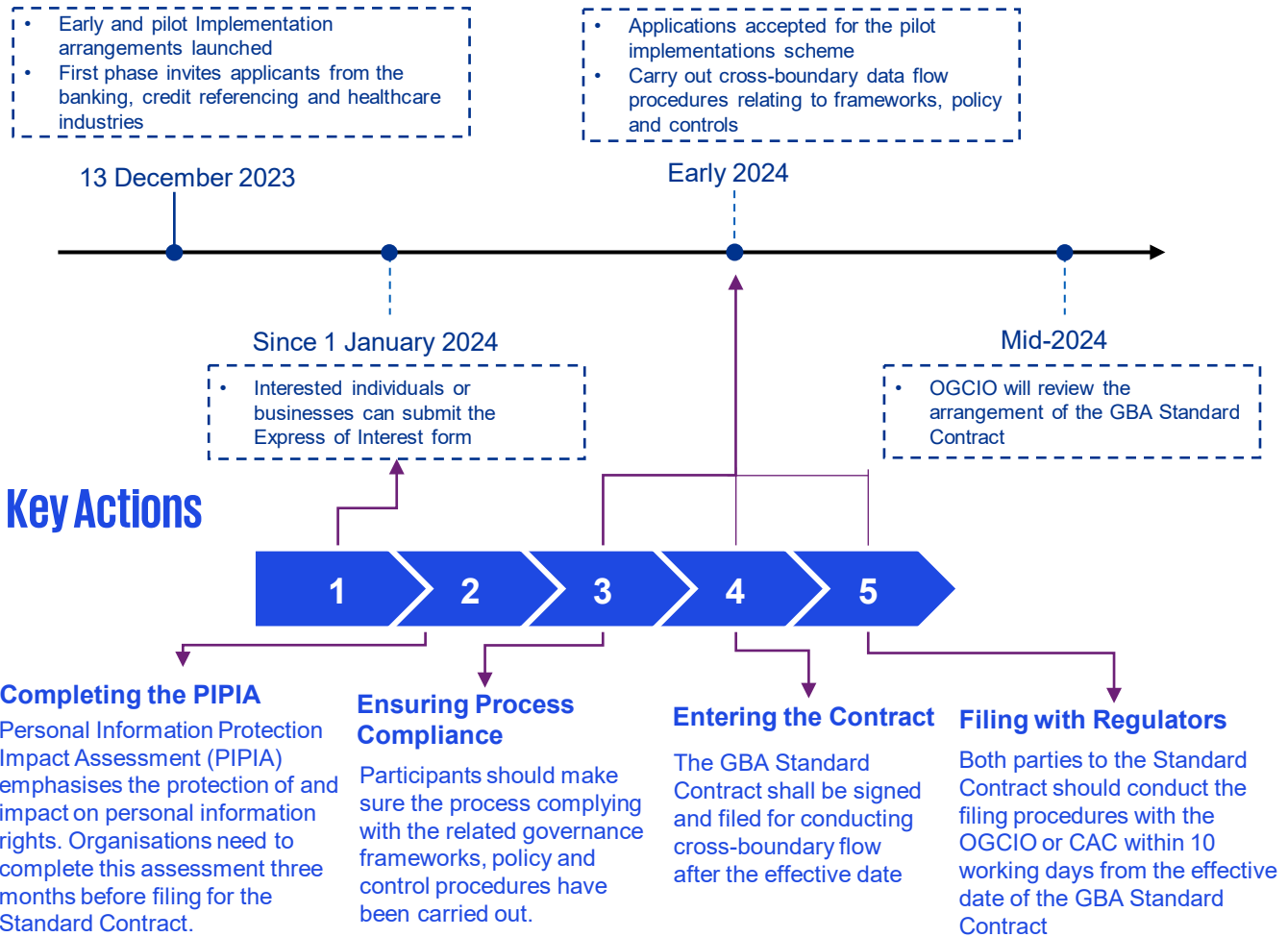
Key impacts of CBDT rules

- 1 Implementing cross-border data transfer (CBDT) measures aim to facilitate data flow, drive Hong Kong's digital economy, and integrate it into national development efforts. They will have an impact on a range of policies and procedures at organization that are involved in the transfer of data
- 2 CBDT regulations impacts organisational structure through data governance roles, compliance enhancement, policy development, system investment, legal support, and third-party management. A robust governance framework and functional competence in legal, compliance, IT, and data protection are crucial for ensuring compliant cross-border data transfers.
- 3 In particular, implementing the regulations will have a significant impact on IT systems, including the need for comprehensive data inventory, data segregation and heightened data security measures. Consent and authorisation management, incident response plans, and vendor management will also require attention to ensure that data transfers are compliant.

Potential benefits

- 1 CBDT helps organisations to simplify the compliance process associated with Personal Information Protection Impact Assessment (PIPIA) and the filing procedure. This streamlining allows for more efficient handling of cross-boundary personal information transfer, while ensuring better data protection and privacy for personal data information subjects.
- 2 CBDT regulations provide clear guidelines for organisations to securely access and utilise data from different jurisdictions. They can then leverage these data resources to unlock new insights and develop strategies for GBA business growth.
- 3 By leveraging data-driven insights, organisations can better understand and serve customers in the GBA, foster increased customer engagement and access a broader customer base, and facilitate future market expansion.

Key timeline for Standard Contract



Key Actions



Completing the PIPIA

Personal Information Protection Impact Assessment (PIPIA) emphasises the protection of and impact on personal information rights. Organisations need to complete this assessment three months before filing for the Standard Contract.

Ensuring Process Compliance

Participants should make sure the process complying with the related governance frameworks, policy and control procedures have been carried out.

Entering the Contract

The GBA Standard Contract shall be signed and filed for conducting cross-boundary flow after the effective date

Filing with Regulators

Both parties to the Standard Contract should conduct the filing procedures with the OGCIO or CAC within 10 working days from the effective date of the GBA Standard Contract

How KPMG can help

Optimisation & Strategic Planning	Gap Analysis	Operation Excellence	Due Diligence
<p>Bring strategic thinking and the hands-on skillsets to help our clients optimise operations and catalyse sustainable growth:</p> <ul style="list-style-type: none"> Governance and supervision framework TOM development RACI matrix for core processes and functions Data strategy and analytic model designs to facilitate ongoing business strategy Operation strategy for process efficiency in procedures and systems 	<ul style="list-style-type: none"> Conduct gap analysis of current policies and procedures, to ensure processes and controls in line with regulatory requirements and industry practice, and recommend options to close the gaps identified. Support on PIA to ensure the processing flow by both parties, the impact on the personal information subjects, and the obligation and capacities of both the processor of the data and the recipient. 	<p>Working alongside clients to develop and implement:</p> <ul style="list-style-type: none"> Establish policies and procedures, playbook Establish system and operations infrastructure framework Support on business requirement documents for system enhancements Testing and cyber security assessment Internal training End-to-end project management 	<p>Share a more complete view of due diligence that considers a wider range of risks to help deliver longer-term value for data processors and recipients :</p> <ul style="list-style-type: none"> Financial due diligence Commercial due diligence Legal due diligence IT due diligence Integrity due diligence Vendor due diligence

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