

LAW OFFICE OF
JOHN P. ZIAUKAS

100 WILSHIRE BOULEVARD
SUITE 940
SANTA MONICA, CALIFORNIA 90401
310.917.1080
FAX 310.861.1080
JPZLAW@VERIZON.NET
WWW.JPZLAW.COM

SEPTEMBER 25, 2015: DEVELOPMENTS IN ASSET MANAGEMENT LAW

SEC Office of Compliance Inspections and Examinations (OCIE) Announces Areas of Focus for Cyber Preparedness Exams of RIAs

On September 15, the SEC's OCIE issued a Risk Alert outlining the agency's likely areas of focus in the second round of exams it will be conducting this year to zero in on cybersecurity measures at RIAs.

The Risk Alert tells RIAs to be sure they are addressing cybersecurity measures in these areas. Examiners may assess

- **Governance and Risk Assessment:** whether RIAs have processes in place to evaluate cybersecurity risks tailored to their particular business, as well as the involvement of senior management.
- **Access Rights and Controls:** how RIAs control access to computer systems and data to prevent unauthorized access (for example, the use of multifactor authentication or updating access based on personnel and system changes).
- **Data Loss Prevention:** a firm's patch management and system configuration, and how it monitors content transferred outside the firm and verifies the authenticity of customer fund transfer requests.
- **Vendor Management:** how third party vendor access to and use of an RIA's information is monitored.
- **Training:** how the firm trains its employees to manage cyber-risks associated with their particular jobs.
- **Incident Response:** whether the firm has developed policies for and responses to future threats.

If you have any questions about these new requirements and procedures and their details, please contact me at the above address.

This publication should not be considered as legal opinions on specific facts or as a substitute for legal counsel. It is provided by John P. Ziaukas, Esq., for general information purposes and may be considered attorney advertising in some jurisdictions. All rights reserved. © 2015 John P. Ziaukas. If you do not wish to receive similar memos in the future, please respond to sender by email with "unsubscribe" in the subject line.