

SEC's OCIE Issues Cybersecurity Alert

On May 17, 2017, the SEC's Office of Compliance Inspections and Examinations ("OCIE") issued a [Cybersecurity: Ransomware Alert](#) in connection with the prior week's widespread "WannaCry" ransomware attack, in which the Staff shared key takeaways from OCIE's recent [Examination Initiative](#) to assess industry cybersecurity preparedness.¹ The Staff observed that the following practices may assist firms in mitigating the impact of future attacks:

- conducting periodic cyber-risk assessments to identify threats, vulnerabilities and potential business consequences (which had been done by only a quarter of examined investment advisers);
- performing penetration tests and vulnerability scans (which had been done by just over half of examined investment advisers); and
- establishing a process for ensuring regular system maintenance.

The Staff directed readers to its April 2015 [Cybersecurity Guidance](#). Although the Staff helpfully acknowledged that it is not possible to anticipate and prevent every cyber attack, registered advisers should consider whether their existing procedures in this area are protective to their operations and sufficient in light of ongoing SEC focus in examinations.²

1 OCIE examined 75 SEC-registered broker-dealers, investment advisers and funds as part of its Examination Initiative.

2 Kirkland AIM, "[SEC Announces 2017 Examination Priorities and Continues Advisor Enforcement Focus](#)," January 19, 2017.

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Tier 1 Investment Fund
Formation and Management:
Private Equity Funds

The Legal 500 US, 2016

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