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SEC'S OCIE Issues Cybersecurity Risk Alert and Sample Information Request

On April 15, 2014 the SEC's Office of Compliance Inspections and Examinations ("OCIE") issued a Risk Alert providing important additional information concerning its ongoing initiative to assess cybersecurity preparedness in the securities industry. According to the Alert, OCIE will be conducting examinations of more than 50 investment advisers and broker-dealers, focusing on the following areas related to cybersecurity:

- The entity's cybersecurity governance,
- Identification and assessment of cybersecurity risks,
- Protection of networks and information,
- Risks associated with remote customer access and funds transfer requests,
- Risks associated with vendors and other third parties,
- Detection of unauthorized activity, and
- Experiences of certain cybersecurity threats.

The Risk Alert is intended to highlight the risks and issues identified by the staff and describes the factors that firms should consider to (i) assess their supervisory, compliance and/or other risk management systems related to these risks, and (ii) make any changes, as may be appropriate, to address or strengthen such systems. OCIE stated that the enumerated factors are not exhaustive, nor will they constitute a safe harbor.

A copy of the OCIE Alert and sample information and document request can be found at:
<http://www.sec.gov/ocie/announcement/Cybersecurity+Risk+Alert+%2526+Appendix+-+4.15.14.pdf>

Wiggin and Dana's Cybersecurity and Privacy Practice helps clients with the handling and protection of sensitive business information, electronic data security, and compliance with privacy laws and regulations affecting a wide-range of industries. Please contact Richard Levan, Conor Mullan, or any member of the Cybersecurity and Privacy practice group if you have any questions about cybersecurity and privacy issues.