

RIA Compliance Consultants



Cybersecurity

Strategic Alliance Members



Bridge Financial Technology

Automation-focused software designed to streamline back office functions.



Unitifi

Modern solution for financial professionals to fulfill their fiduciary responsibility to know and understand their client.



Lockton Affinity, LLC

Insurance Solutions for member based organizations.

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2021 RIA Compliance Connection

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Agenda

- Panel Questions
 - ✓ Remote Workers
 - ✓ Mobile Devices
 - ✓ Compromise of Credentials
 - ✓ Third-Party Wires
 - ✓ Phishing
 - ✓ Third-Party Vendors
 - ✓ Information Security Plan/Incident Response Plan
- Resources

Remote Workers

Do you allow your employees to work remotely?

- a. If so, how do you ensure that such employee's computer/laptop and Wi-Fi and the customers' information is protected?
- b. Have you had any problems?
- c. Does your firm require the employee to use company owned/managed computers/laptops? If not, how does your firm verify that the employee's computer/laptop has proper malware/anti-virus protection
- d. Does your firm check the Wi-Fi settings used by the employee to access the Internet?
- e. Where is client information/data/documents stored? Is it encrypted?

Mobile Devices

1. How do you protect client information/data/documents accessed or downloaded to mobile devices such as smart phones and iPads?
 - a. Does your firm require employee use devices owned/managed by firm?
 - b. If firm allows employee to use own device, does your firm use a software to manage the security settings and updates on the phone?
2. Are employees allowed to access the Internet using free public Wi-Fi or hotel Wi-Fi?

Compromise of Credentials

1. Does your firm have 2 factor authentication turned on for all of your employee and client logins over the web?
2. Does your firm require employees to use an encrypted password manager to store passwords?
3. Does your firm require employees to use unique passwords that are strong?
4. Has your firm encouraged its clients to set-up 2 factor authentication? If so, how did you go about this? Did you discuss with clients setting up 2FA for both the online brokerage accounts and email accounts?

Third-Party Wires

1. Has your firm had any fraudulent requests for a third-party wire? If so, please tell us about it.
2. How does your firm verify authenticity of a request to wire or transfer client funds to a third-party?
3. Have you asked the qualified custodian to turn-off the ability for client to make a third-party wire request?

Phishing

1. Have you had any phishing incidents where an employee has clicked on a link or entered user id/password information in a fraudulent email/dummy account? If so, please explain.
2. What steps have you taken to reduce risk of phishing attacks? Please provide examples such as employee training, simulated phishing or turning on filters in Microsoft.
3. Have you discussed or provided education to your clients about phishing attacks and being careful about clicking on links of unsolicited emails and sharing/using user id/password.

Third-Party Vendors

1. Have you conducted periodic due diligence on the cybersecurity of third-party vendors who have access to client funds/proceeds or client account information? If so, please describe this process.
2. Did any of your firm's vendors with access to client funds/proceeds or client account information have a cybersecurity incident? If so, please explain what happened.

Information Security Plan/Incident Response Plan

1. Does your firm assess the effectiveness of your information security plan on an annual basis? Explain how your firm performed this assessment or give examples of areas that needed improvement.
2. Does your information security plan include a section on how to respond to a cybersecurity incident?
3. Have you tested your incident response plan? Please explain how you did this and what you learned.

Liability Coverage for Cybersecurity Events

1. Do you have liability insurance coverage for cybersecurity incidents?
(For All Panelists)
2. What are the cybersecurity trends from the insurance brokers are seeing? (For Tom S.)
3. What are best practices that you believe many investment advisers are not adopting/utilizing? (For Tom S.)

Safeguarding Client Accounts Against Credential Compromise

Best Practices Observed by SEC's Division of Examinations

- Reviewing P&P with Focus on Password Updating Policies for Consistency Recognized Password Standards Requiring Strength, Length, Type and Frequency of Changes
- Using Multi-Factor Authentication to Authenticate Person Seeking to Log into an Account
- Deployment of CAPTCHA to Combat Automated Scripts of Bots
- Controls for Detecting/Preventing Credential Stuffing
 - Monitoring for Higher Number of Login Attempts or Higher Number of Failed Login Attempts Over Given Time Period
 - Use Web Application Firewall
 - Prevent Funds Transfer or Access to Personal Information

SEC Risk Alert (9/15/20):

Safeguarding Client Accounts Against Credential Compromise

Best Practices Observed by SEC's Division of Examinations

<https://www.sec.gov/files/Risk%20Alert%20-%20Credential%20Compromise.pdf>

U.S. Dept of Labor EBSA's Cybersecurity Guidance:

Tips for Hiring a Service Provider with Strong Cybersecurity Practices

<https://www.dol.gov/sites/dolgov/files/ebsa/key-topics/retirement-benefits/cybersecurity/tips-for-hiring-a-service-provider-with-strong-security-practices.pdf>

Cybersecurity Program Best Practices

<https://www.dol.gov/sites/dolgov/files/ebsa/key-topics/retirement-benefits/cybersecurity/best-practices.pdf>

Online Security Tips for Plan Participants

<https://www.dol.gov/sites/dolgov/files/ebsa/key-topics/retirement-benefits/cybersecurity/online-security-tips.pdf>

RCC Resources

- Cybersecurity - 12 Steps for an RIA to Improve Security of Client Information
- Cybersecurity - Best Practices Checklist
- Cybersecurity - Employee Acknowledgement
- Cybersecurity - GDPR Best Practices Checklist for Website
- Cybersecurity - Phishing Email - Letter Notifying Client
- Cybersecurity - Website Security Checklist for an Investment Adviser
- Cybersecurity – Best Practices for Avoiding and Responding to Phishing Attacks
- Cybersecurity – Best Practices for RIA Collecting Devices for Digital Forensic Expert
- Cybersecurity – Cleaning Company Acknowledgement – Background Checks
- Cybersecurity – Conducting Due Diligence of Cloud Computing Service Providers
- Cybersecurity – Training to Avoid Phishing

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