

# 2024 Investment Adviser Compliance Conference

MARCH 6-8 / WASHINGTON, DC

EFFECTIVE STRATEGIES & BEST PRACTICES

IAA

## Cyber Programs: Larger Firms

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## RIAs and Funds

Proposed Rules would require:

- New 48 hour incident notification requirement on Form ADV-C
- Cybersecurity risk management policies and procedures
- Annual review and written reports
- New disclosure and recordkeeping requirements



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## BDs and Other “Market Entities”

Proposed Rules would require:

- Immediate incident notification to SEC for all entities and additional 48 hour incident notification for “Covered Entities” (“CEs”)
- Public disclosure of risks and incidents for CEs
- Cybersecurity program requirements, with additional requirements for CEs
- New recordkeeping requirements



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## Amendments to Reg S-P

Proposed Rules would require:

- 30 day Customer incident notification
- Incident response plan
- Expansion of Safeguards and Disposal Rules
- Recordkeeping
- Privacy notice amendments



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## SEC 2024 EXAMS Priorities

1. Information security and operational resiliency
2. Reg S-ID policies and procedures
3. Firmwide cybersecurity, across branch offices
4. Vendor and third-party risk management
5. AI risks

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## Cybersecurity Trends



Ransomware



Risks from AI



Third Party Risks and  
Supply Chain Attacks



Attacks Targeting  
Sensitive Financial  
Events



Targeting of  
Individual Executives



Nation State Attacks

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## Cybersecurity Risks of Generative AI

### Risks to AI Systems

- Increased attack surface for data breach or misuse
- Adversarial attacks to bypass controls
- Model poisoning

### Risks Caused by AI Systems

- Deepfakes
- Automating social engineering
- Generating malicious code
- Evading detection systems

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## Proposed Outsourcing Rule

✓ Due diligence

✓ Monitoring

✓ Recordkeeping

✓ Disclosures and census-type information  
(Form ADV, Part 1A)

✓ Third-Party recordkeeping

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