

>>>FAIRVIEW FLASH REPORT <<<

SEC Examination Approach for 2013

WHAT IS IT?	In its Fiscal Year 2012 Agency Financial Report, the SEC outlined its examination approach for 2013. The Office of Compliance Inspections and Examinations (“OCIE”) will attempt to focus its efforts on advisers who present a higher risk to investors.
GOALS FOR 2013	In 2013 OCIE’s National Examination Program (“NEP”), will: <ul style="list-style-type: none">• Continue to focus on fraud and will encourage tips, complaints, and referrals from investors, registrants and others to help it identify potential frauds.• OCIE will meet with senior management in an effort to better understand how firms manage their various areas of risk including financial, legal, compliance, operational, and reputational risks.• Concentrate on conflicts of interest, as well as risk governance structures that firms may have in place to identify and address conflicts.• Focus on the management of firms’ information technology systems in areas such as operational capability, business continuity planning, market access, and information security – including risks of system outages, data integrity compromises, and cyber intrusions. For example, the SEC recently sent sweep letters to advisers in the Northeast to better understand how firms’ operations managed the effects of Hurricane Sandy.