

Case Study

CYBERSECURITY PLAN AUTHORIZING

FIRM PROFILE

A small FINRA member firm of approximately 17 reps with no centralized network infrastructure. Business lines include private placements and life settlements. The Firm has had a recent FINRA exam and FINRA has responded that they have inadequate cybersecurity measures.

BUSINESS NEEDS

The Firm wished to quickly conduct an initial Cybersecurity Review and author a reasonably comprehensive Cybersecurity Plan to alleviate FINRA concerns.

PROVIDED SOLUTIONS

We spent time learning about the Firm and its business lines. We quickly deduced that the geographically disbursed nature of the firm presented some particular difficulties as they lacked the centrally managed architecture that makes a lot of traditional controls possible. Also, given the data used in the private placements and life settlements businesses, attention must be given to protecting personally identifiable information.

Following our review, we drafted a Cybersecurity Plan addressing all the particular areas of concern including:

- Corporate Governance & Regular Recurring Risk Assessments
- Hardware & Software Inventory
- Access Rights and Controls
- Data Loss Prevention
- Vendor Management
- Cybersecurity Training
- Intelligence Gathering
- Testing
- Cybersecurity Insurance
- Incident Plan Response

Our initial plan provided a framework to not only meet the present need of a response to FINRA, but also provided a framework for continual review and improvement. Our work around corporate governance helped identify all the areas of concern and provide for a common language around which to discuss them. The most pressing issues around protection of personally identifiable information were clearly addressed. We provided for specific processes, procedures, and technologies around encryption of data-in-transit and data-at-rest. We also provide a plan for deploying 2-factor authentication mechanism on all critical systems. All existing vendor agreements were reviewed, and several specific questions and concerns were outlined around those agreements for further discussions with the vendors. In all, the client was very pleased with our work and was confident in the new Cybersecurity Plan and our approach to improving their cybersecurity efforts.

*Please note specific facts in this case have been altered to protect client confidentiality.

MOST APPLICABLE RULES

SEC Regulation S-P

SEC Regulation S-ID

Exchange Act of 1934

FINRA Cybersecurity
Guidelines