

Anchin Alert

Anchin, Block & Anchin LLP
Accountants and Advisors



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SEC Announces 2018 Compliance Examination Priorities

As they have for many years, the SEC announced its 2018 Office of Compliance Inspections and Examinations (OCIE) examination priorities. While OCIE will consider other issues in examinations, they will be especially focused on five areas:

1. Protection for Retail Investors
2. Compliance and Risk in Critical Market Infrastructure
3. Cybersecurity
4. Financial Industry Regulatory Authority (FINRA) and the Municipal Securities Rulemaking Board (MSRB)
5. Anti-Money Laundering

Retail Investors

Protecting retail investors remains a top priority for OCIE, especially seniors and those saving for retirement. OCIE examinations will focus on the proper calculation and disclosure of fees to clients as well as the supervision of representatives and execution of customer orders in fixed income securities.

OCIE also is concentrating on cryptocurrencies and Initial Coin Offerings (ICOs). Registrants who offer and sell these investments must offer adequate disclosures to investors about the risks in these instruments

Compliance and Risk in Market Infrastructure

OCIE will continue examining entities that are critical to the functioning of effective markets. This includes clearing agencies, national securities exchanges and transfer agents. OCIE will examine their operations and compliance with recently effective rules.

FINRA and MSRB

OCIE shifted more of the responsibility for investigating investment advisers to FINRA. OCIE's 2018 focus will be on ensuring that the routine exams handled by FINRA are meeting the SEC's standards. OCIE will also examine the MSRB and the effectiveness of its operations, procedures and controls.

Cybersecurity

OCIE will evaluate cybersecurity practices with special focus on risk assessment, data loss prevention, training, access rights, vendor management and incident response.

Anti-Money Laundering

OCIE examiners will be making sure firms are keeping up with AML requirements including updating their in-house AML programs for the most recent regulatory obligations.

The SEC noted that this list is not exhaustive and that they could announce additional priorities throughout the year. However, this initial announcement shows where firms should focus their attention as they prepare.

For more information on the 2018 examination priorities, please visit the [SEC's press release](#) or feel free to contact a member of Anchin's Financial Services Practice.

Anchin Financial Services Practice



Jeffrey I. Rosenthal
jeffrey.rosenthal@anchin.com
Partner-In-Charge



Peter L. Berlant
peter.berlant@anchin.com
Partner



Jeffrey J. Bowden
jeffrey.bowden@anchin.com
Principal



Marc G. Goldberg
marc.goldberg@anchin.com
Partner



David Horton
david.horton@anchin.com
Partner



Mitchell Rosenthal
mitchell.rosenthal@anchin.com
Partner



E. George Teixeira
george.teixeira@anchin.com
Partner



Edward F. Thorp
edward.thorp@anchin.com
Partner



Zurab Moshashvili
zurab.moshashvili@anchin.com
Director



John Zias
john.zias@anchin.com
Director



Raymond Dragon
raymond.dragon@anchin.com
Senior Manager



Audelene Gutierrez
audelene.gutierrez@anchin.com
Senior Manager



Ronald Kalungi
ronald.kalungi@anchin.com
Senior Manager



Marina Shah
Senior Manager
marina.shah@anchin.com



Sheena Singh
sheena.singh@anchin.com
Senior Manager



Anna Wong
anna.wong@anchin.com
Senior Manager



Anchin, Block & Anchin LLP
Accountants and Advisors
1375 Broadway, New York, NY 10018
212.840.3456 • www.anchin.com

