
fi360®

Cybersecurity: What advisors need to know about protecting data

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Blaine Aikin, AIFA®, CFA, CFP®

Executive Chairman, fi360

and

Wes Stillman

Founder and President, Rightsize Solutions

Is cybersecurity a fiduciary duty?

- Laws and regulations have not settled this question definitively
- The answer lies in the duty of care, prudent person rule

  A fiduciary is required to act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims.

- "Industry norms and practices inform and give context to the duty of care."
  – Robert Sitkoff
- Norms and practices are increasingly being defined
- Investment fiduciaries should assure that a credible approach to manage cyber threats is in place

Growing SEC interest

- Convened a “Cybersecurity Roundtable” in 2004 to identify and promote industry best practices
- Cybersecurity has been an examination priority since 2014
- A series of examinations have been undertaken to assess cybersecurity risks and preparedness in the securities industry
- Risk Alerts have been issued based upon these examinations with six focus areas highlighted
    - Governance and risk assessments
    - Access rights and controls
    - Data loss prevention
    - Vendor management
    - Training
    - Incident response

Six steps towards fiduciary readiness

1. Build awareness of cybersecurity issues and management principles
   - — National Institute of Security and Technology (NIST)
   - — U.S. Federal Financial Institutions Examination Council
2. Assess cyber risks; prioritize and scale attention accordingly
3. Establish due diligence criteria for vendor selection and monitoring
4. Document a management plan and decision-making processes
5. Stay current on regulatory and marketplace developments
6. Recognize the obligation to be reasonable, not infallible. Follow industry norms and do business with reputable firms.

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DATA BREACHES IN THE 21ST CENTURY:

WHAT WE CAN LEARN

Wes Stillman, Founder & CEO

RIGHTSIZE SOLUTIONS

1. **30 YEARS** IN IT/CYBER SECURITY FIELD
2. **FOUNDED** RIGHTSIZE SOLUTIONS IN 2002
3. **WEALTH MANAGEMENT** INDUSTRY FOCUS

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21ST CENTURY DATA BREACHES

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Source: www.norsecorp.com

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Anthem

IRS

SONY

Experian

ebay

THE HOME DEPOT

TARGET

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

ups

Adobe

ASHLEY MADISON

Neiman Marcus

AOL

BRITISH AIRWAYS

UBER

Nasdaq

FINANCIAL SERVICES NOT IMMUNE

Small to mid-sized businesses

Less operational procedures

Browser vulnerability

Unprotected devices

Malicious email code

Bang for the buck

Hard to detect intrusions

Weak passwords

HACKERS: WHO, WHAT & WHY?

- Data Theft
- Criminal Organizations
- Financial Gain
- Personal Nemesis
- Hactivism
- Professional Data Thieves
- Using Your PC to attack others
- State Espionage

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> …the policy of the United States to enhance the security and resilience of the Nation's critical infrastructure and to maintain a cyber environment…
>
> **–President Obama - Executive Order: 13636, 2/12/13**

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ANTI-VIRUS

ANTI-SPAM

CONTENT FILTERING

MALWARE PREVENTION

Foundational and necessary, BUT…..

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01

90% of all malware requires human interaction to get started

02

Convenience over security

03

Social engineering: Most of the time phishing email, but can be very sophisticated

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1. Social Engineering
2. Fake Web Sites and emails that look real
3. Trusted sites you use all the time
4. Email from those you know and trust
5. Usually a sense of urgency
6. Unusual request from a trusted source
7. Something just not quite right
8. Something may be misspelled

- Phishing emails enable ransomware
- The most destructive attack ever
- Uses encryption software, but malevolently
- MUST control who has admin permissions

YOU ARE A TARGET

Think before you click!

Are policies up to date? | 01

Are new technologies, data, hires being accounted for? | 02

What new regulatory items need attention? | 03

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Don’t tell anyone your password

No passwords on Post-its

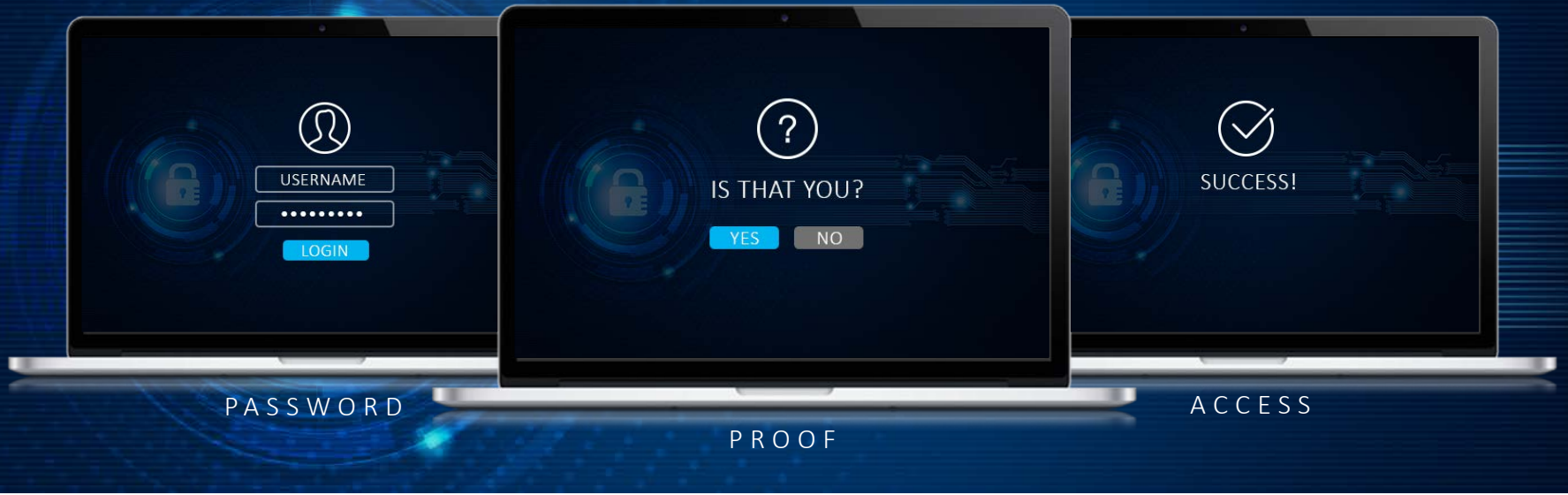
Don’t reuse passwords

WHAT IS BYOD?

AND WHY IS IT IMPORTANT?

- Inventory control
- Increased capabilities come with increased risks
- Security configuration
- Devices connecting to unmanaged networks
- Organizational data on personal networks

MULTI-FACTOR AUTHENTICATION



Best technology available

Necessary to prevent unauthorized use of credentials

Multi-Factor authentication is a Must and should protect ALL applications

Source: http://www.it.northwestern.edu/ecomm/2015-winter/students/multifactor.html

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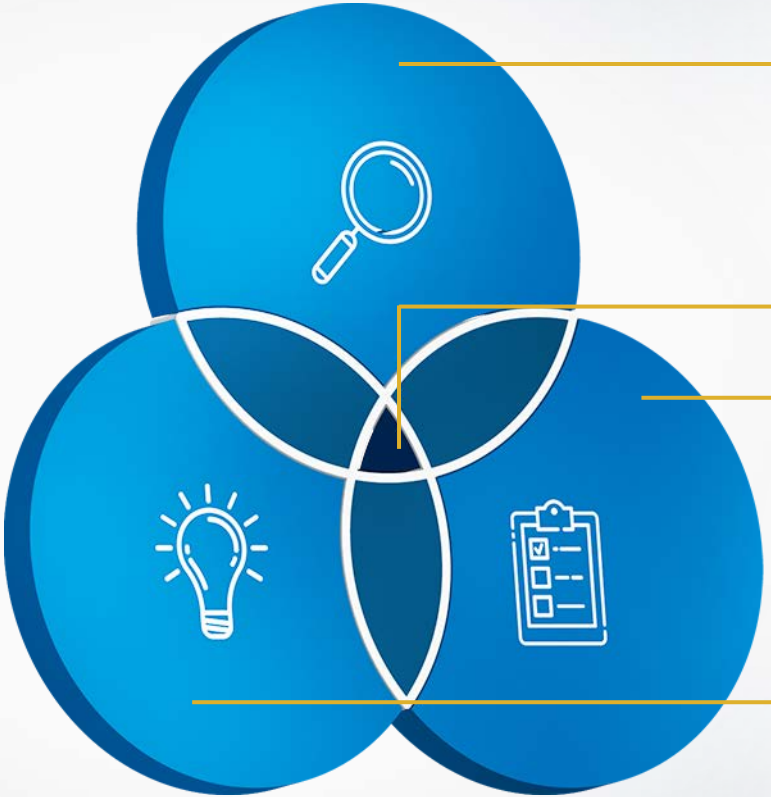

1 **Prevention & Detection Technology**
- Set your software foundation
- Encryption
- MFA

THE SWEET SPOT

2 **Preparation & Contingency Planning**
- Backup your data
- Create a disaster readiness plan
- Set standards for communication

3 **Culture of Awareness**
- Awareness training
- Device management
- Admin permissions

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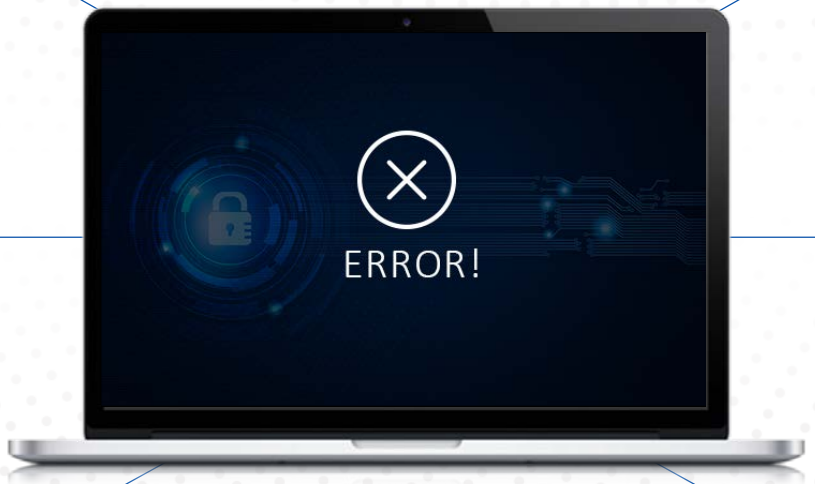
60%
HUMAN ERROR

56%
UNEXPECTED
UPDATES & PATCHES



10%
EARTHQUAKES

10%
FIRE OR **EXPLOSIONS**

29%
POWER OUTAGES

29%
SERVER ROOM ISSUES

10 TIPS TO KEEP YOUR BUSINESS SAFER

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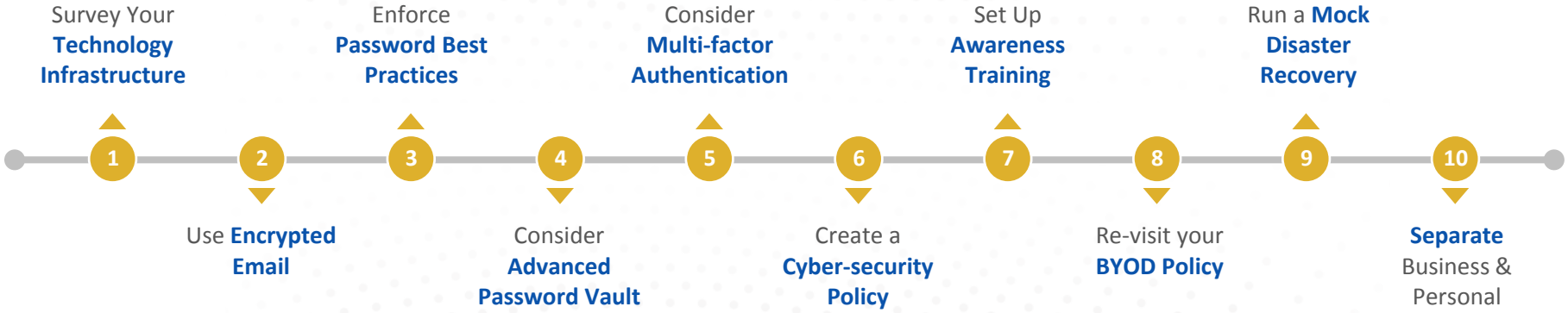

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CYBERSECURITY
A military-grade shield for cybersecurity

BACKUP & RECOVERY
Downtime reduction to maximize productivity

PRIVATE CLOUD
A server-free and cost efficient platform

COMPLIANCE
Compliance with the regulatory environment

IT MANAGEMENT
A dedicated IT resource extension to your team

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TECHNOLOGY ASSESSMENT

- Free to Webinar Attendees *($500 value)*
- 45 Minute Consultation
- Complete Assessment of Technology Environment

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WES STILLMAN
wnstillman@rightsize-solutions.com
913.396.4600

Questions

Additional information on fiduciary trends can be found at

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www.fi360.com/fiduciarytalk

Also available on iTunes

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