Department of Commerce
Division of Securities
John R. Kasich, Governor
Andre T. Porter, Director

Cybersecurity Practices of Ohio Investment Advisers; A Summary of Survey Responses

October 2014

A Pilot Survey to Compile Cybersecurity Information

In July 2014, the Ohio Division of Securities participated in the North American Securities Administrators Association's ("NASAA") pilot cybersecurity project. For this project, NASAA worked with state securities regulators to utilize a template survey sent to state-licensed investment advisers in order to elicit information about the technology and data practices of that registrant population. A compilation of results of NASAA's survey can be found at: www.nasaa.org/industry-resources/investment-advisers/nasaa-cybersecurity-report/.

For its effort, the Ohio Division of Securities surveyed over 500 Ohio-domiciled, state-licensed investment advisers. This report summarizes the 266 responses received. The Division thanks our investment adviser community for dedicating their time and insight to provide thorough, thoughtful, and timely responses. The Division also thanks NASAA for its support in conducting and compiling this important survey.

Ohio Pilot Project Survey Results:

- Only 3% of responding firms indicated they had experienced a cybersecurity incident and even fewer, less than 1%, indicated they had experienced theft, loss, unauthorized exposure, or unauthorized use of, or access to, confidential information.

- The majority of responding firms (87%) use computers, tablets, smartphones, or other electronic devices to access client information.

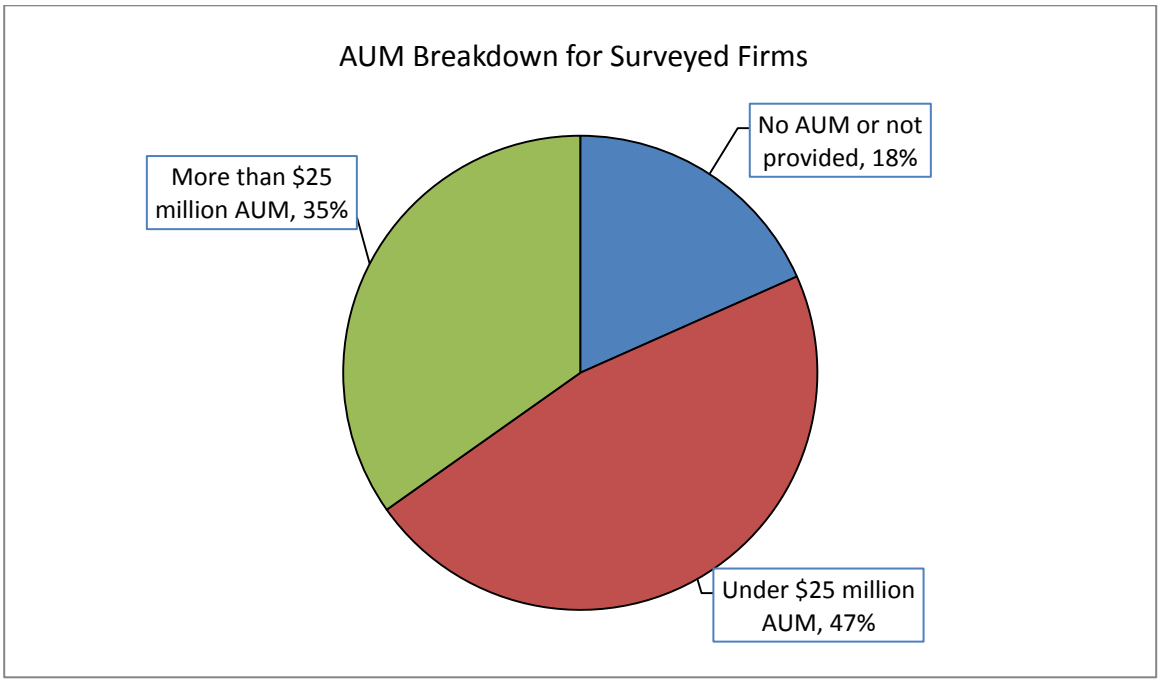
- 88.9% of responding firms use e-mail to contact clients. Only 54% of those firms, however, use secure e-mail.

- Of those that use e-mail to contact clients, 45% of responding firms have procedures in place to authenticate instructions received from their clients electronically.

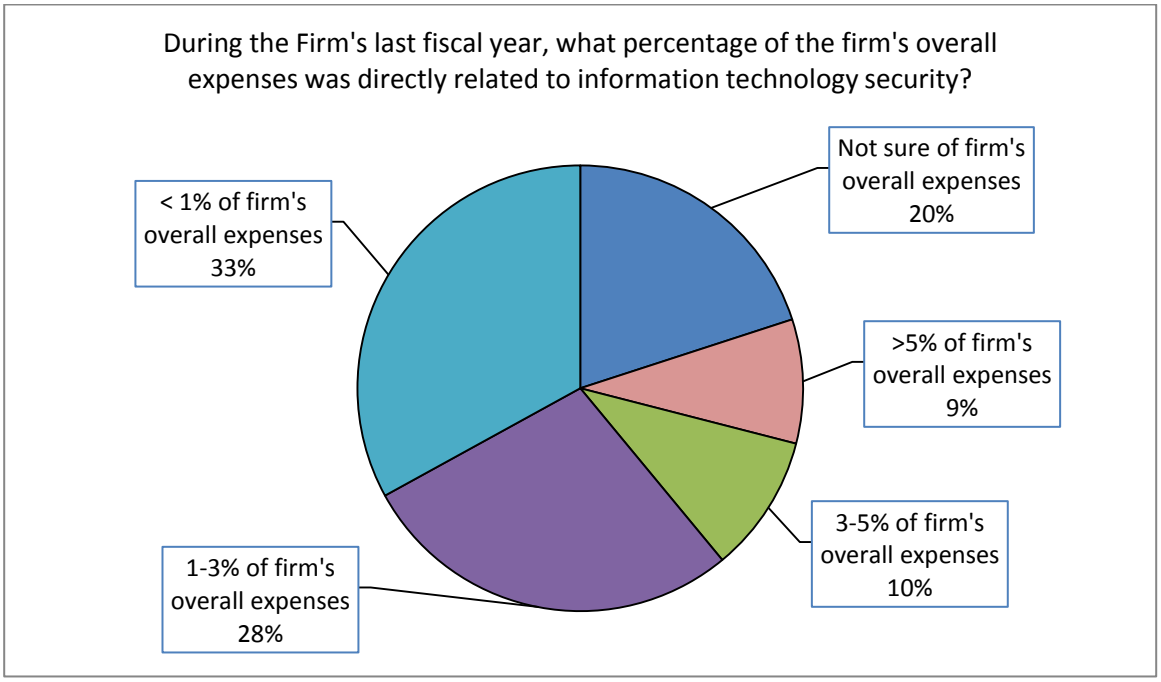
- 62% of responding firms report undergoing a cybersecurity risk assessment. The frequency of these assessments varied widely.

- Less than half of responding firms (40%) report having policies and procedures or training in place related to cybersecurity. Similarly, 44% of responding firms report having policies and procedures or training related to the disposal of electronic data storage devices. Only one third of reporting firms (32%) have policies, procedures, or training programs designed to detect unauthorized activity on their networks or devices.

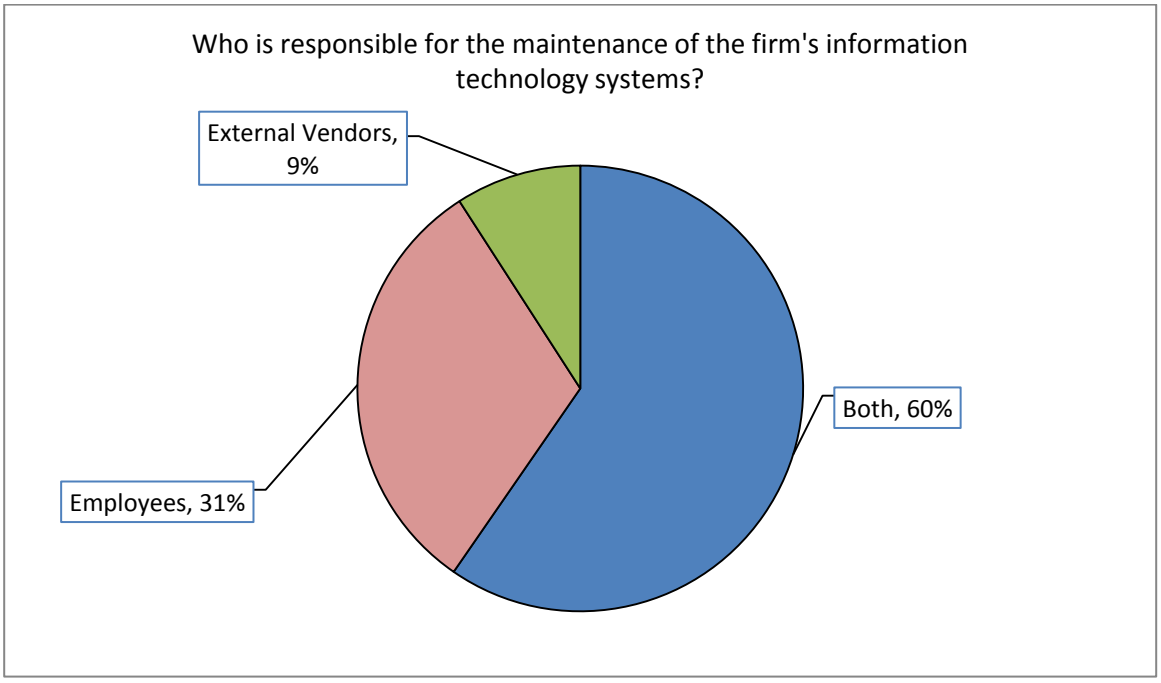
Survey Results



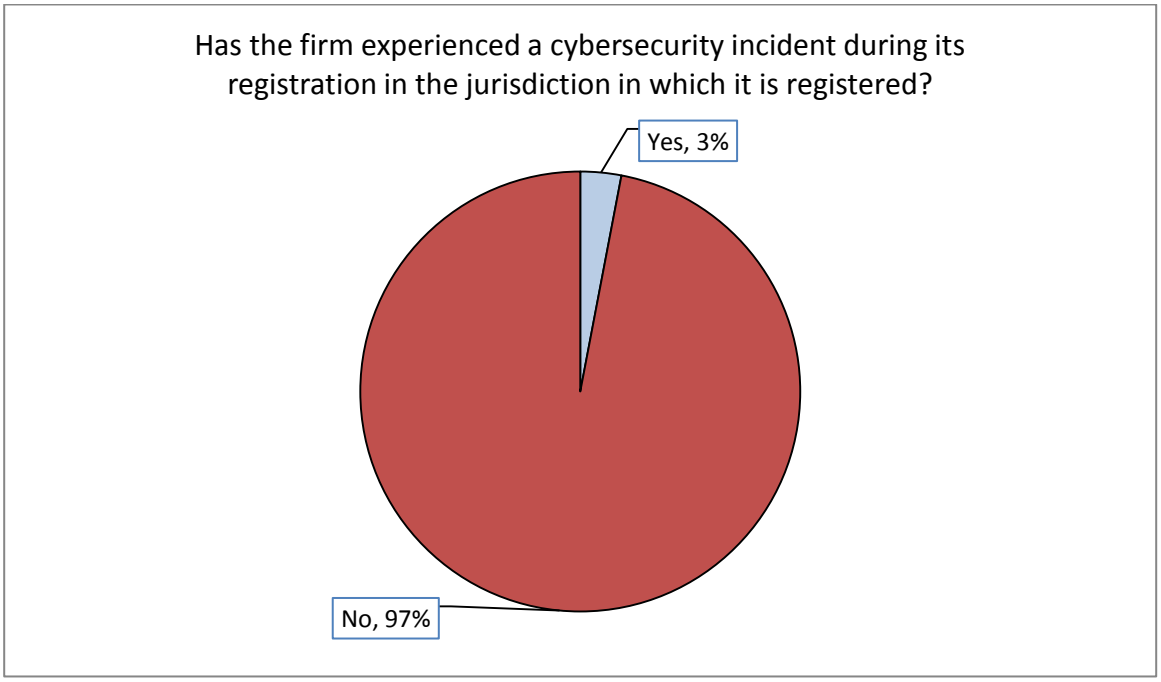
Expenses Directly Related to Information Technology Security



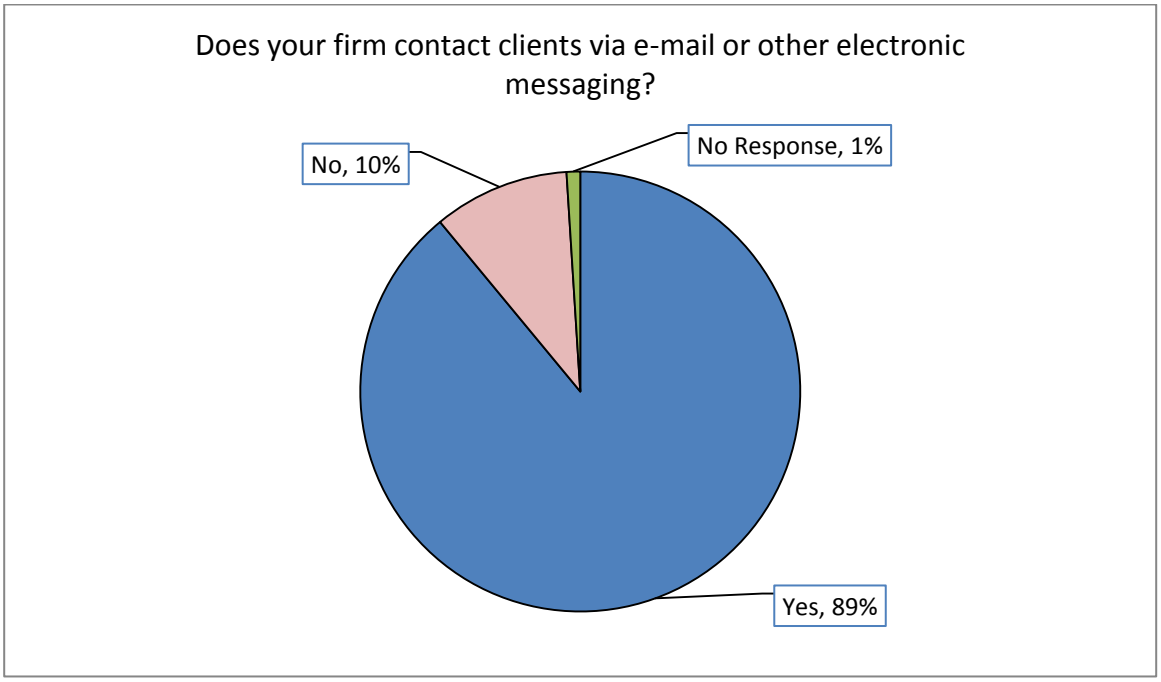
Maintenance of the Firm's Information Technology Systems

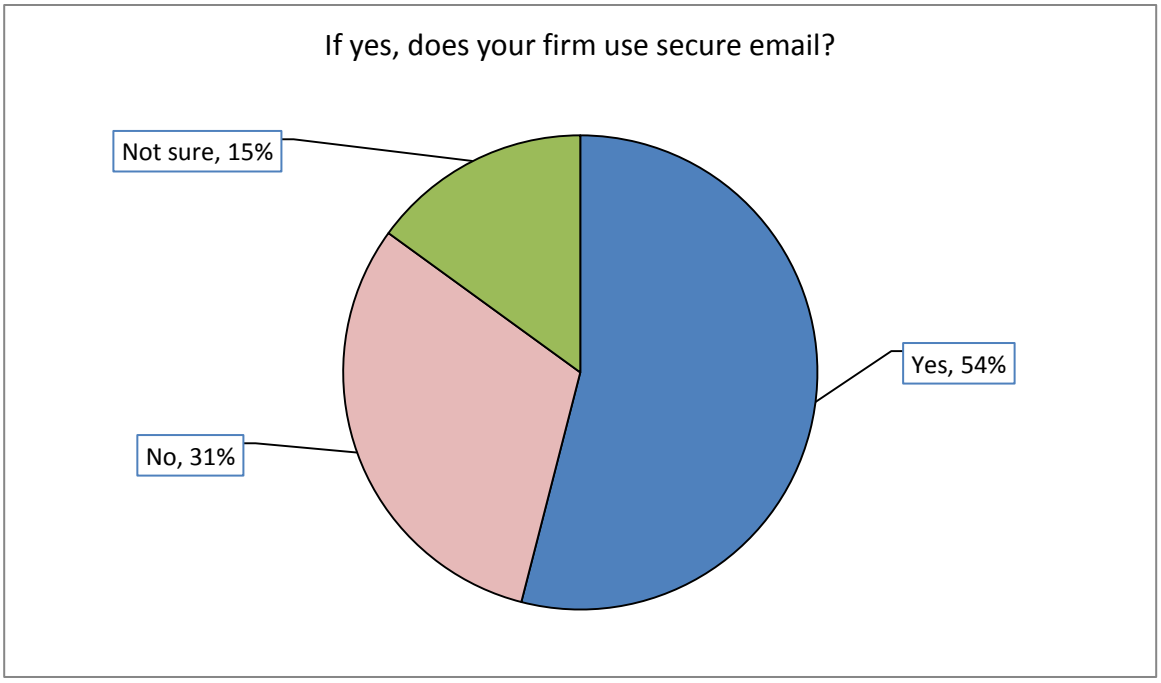


Rate of Cybersecurity Incidents

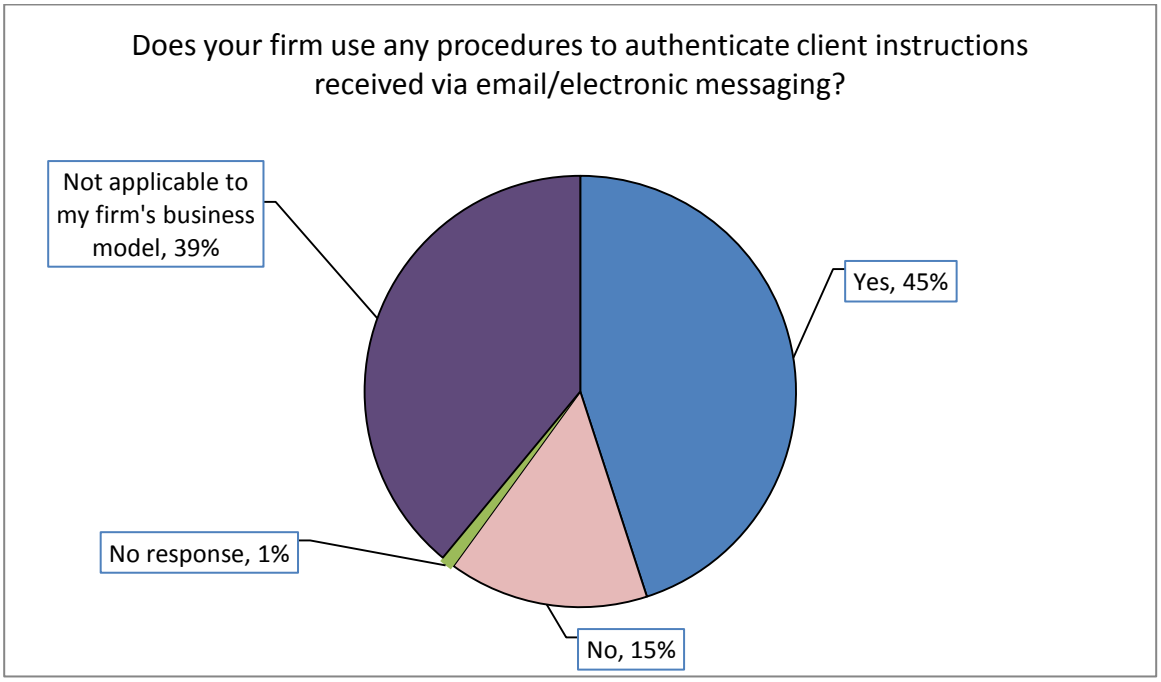


Client Contact via Email & Use of Secure E-mail

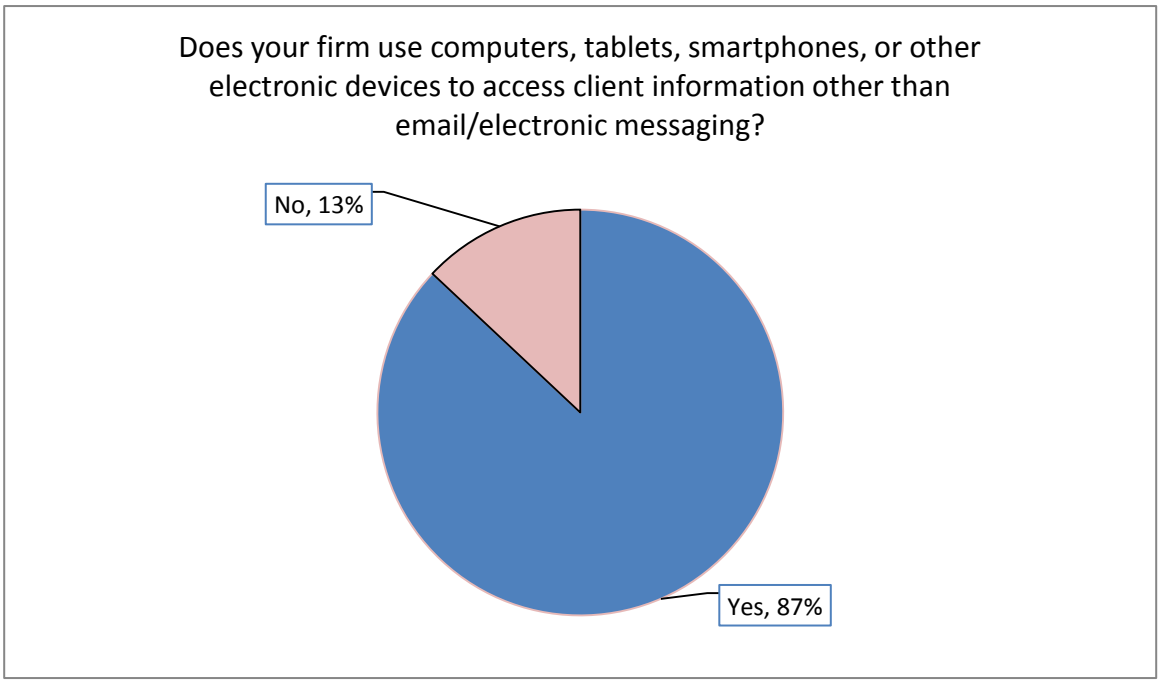




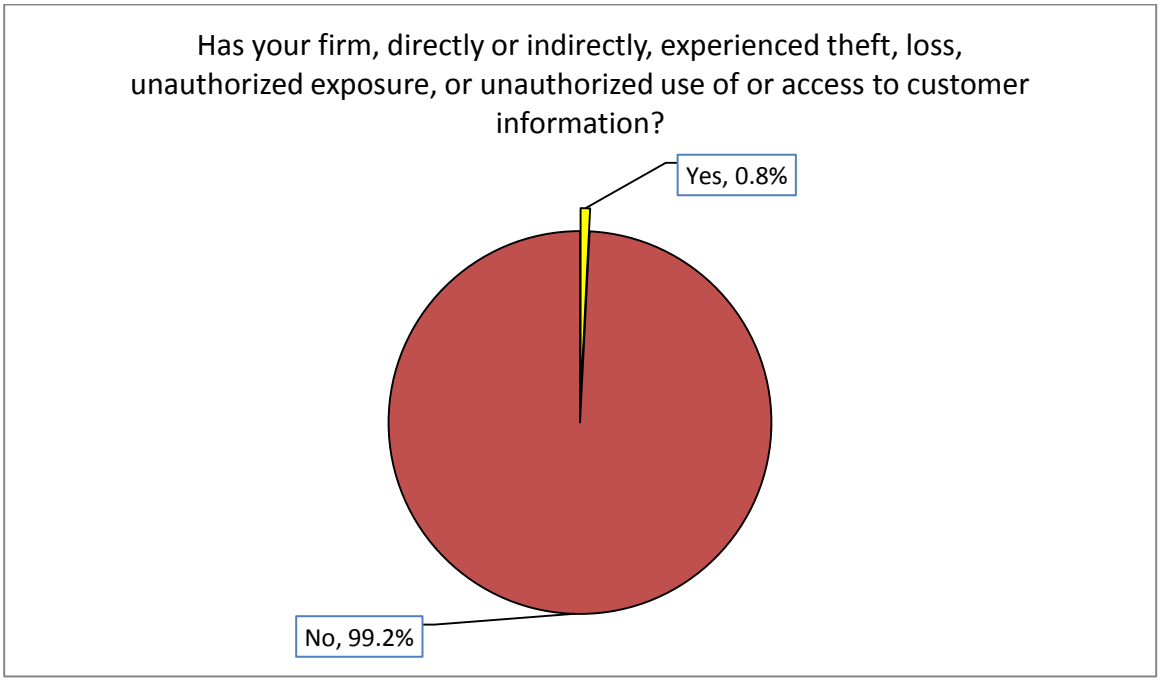
Authentication of Client Instructions Received Electronically



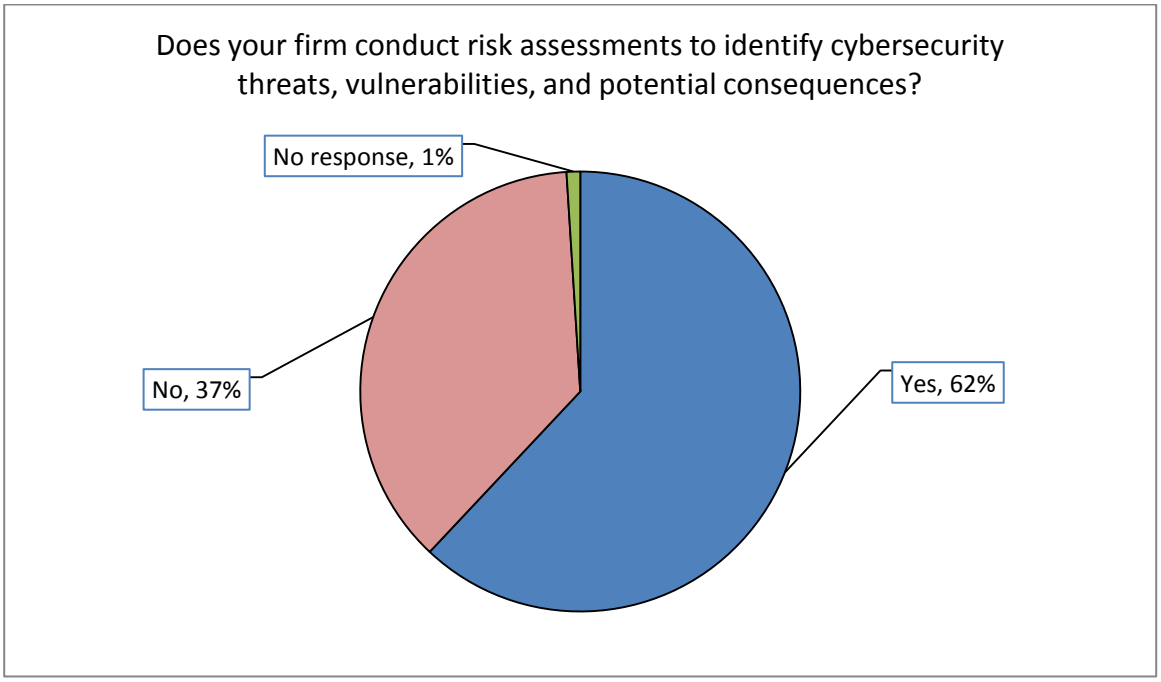
Devices Used to Access Client Information

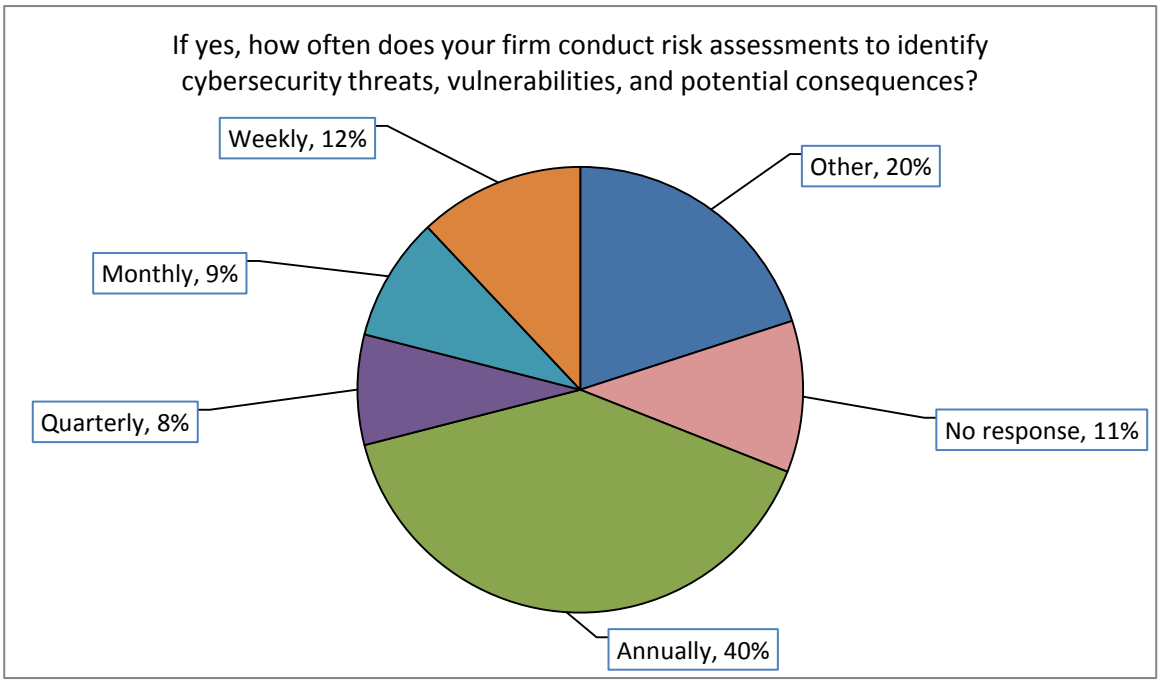


Unauthorized Use or Access to Customer Information

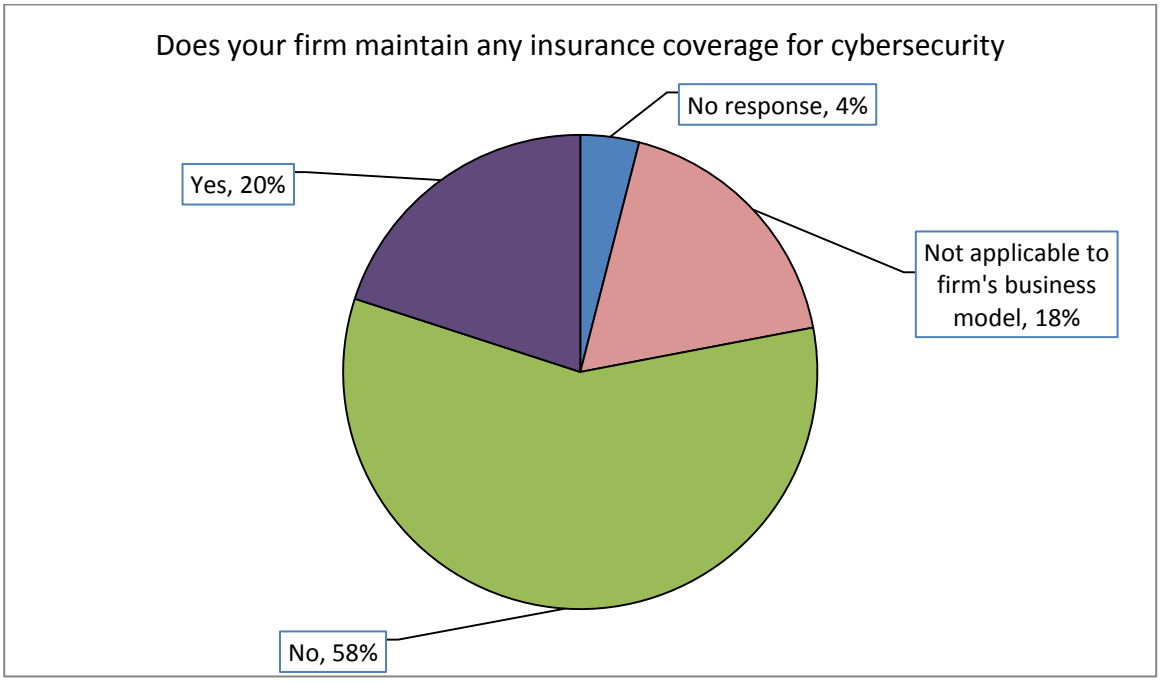


Risk Assessments Related to Cybersecurity & Frequency Risk Assessments

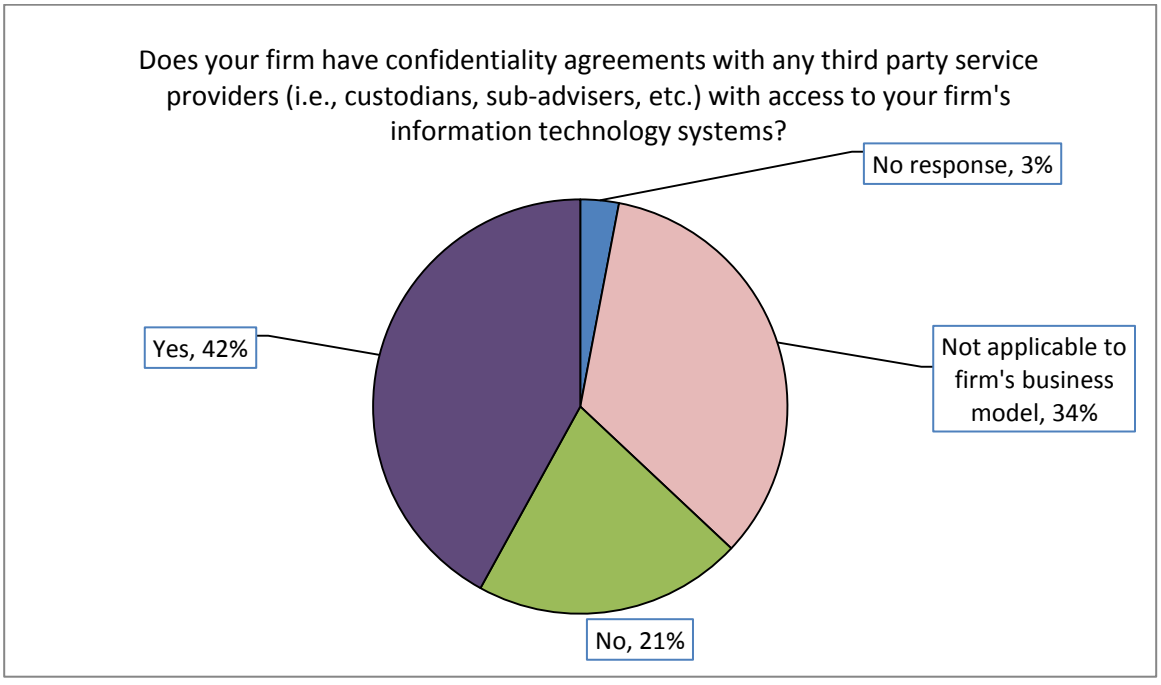




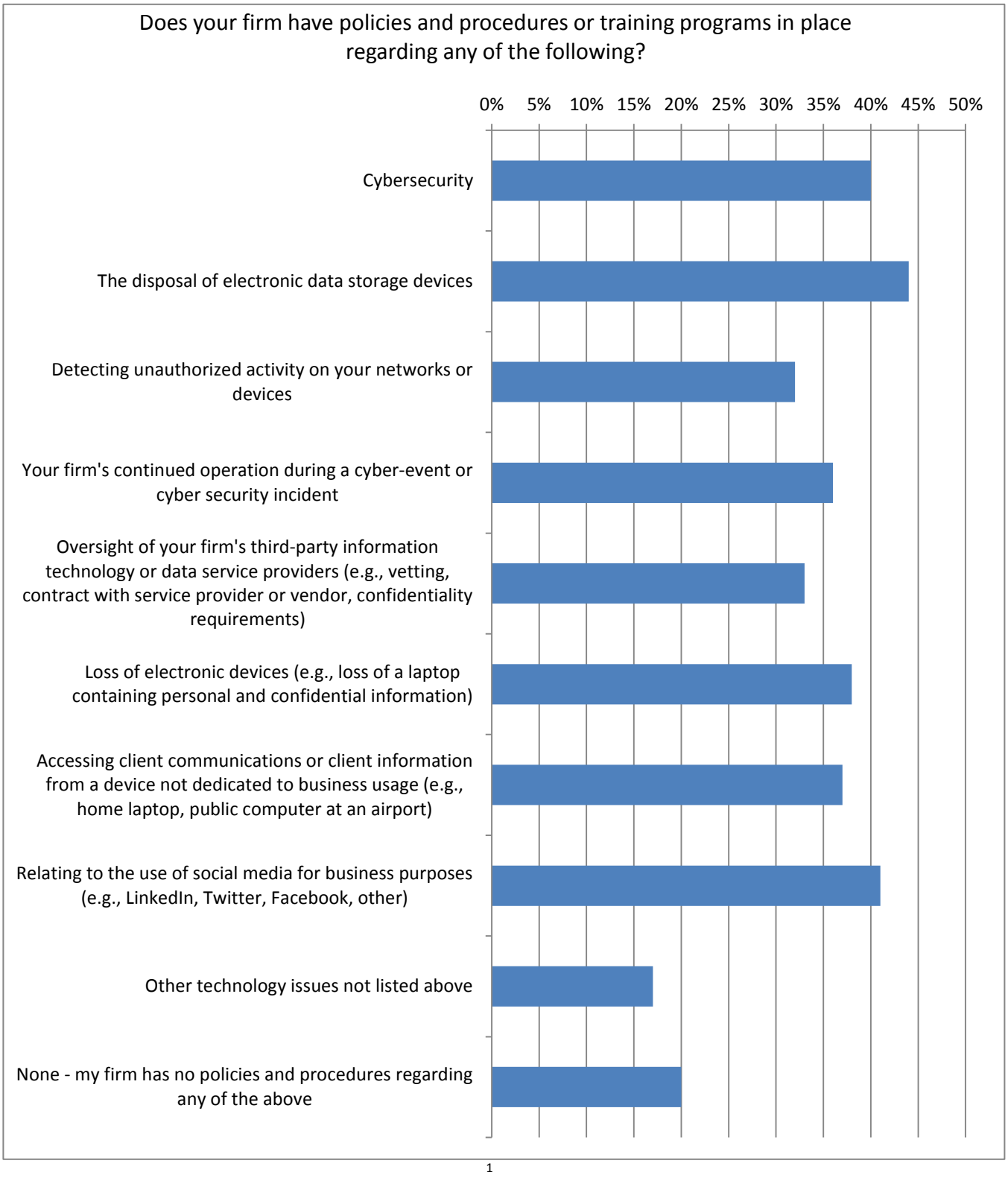
Insurance Coverage for Cybersecurity



Confidentiality Agreements with Third Party Service Providers with Access to Firm IT Systems



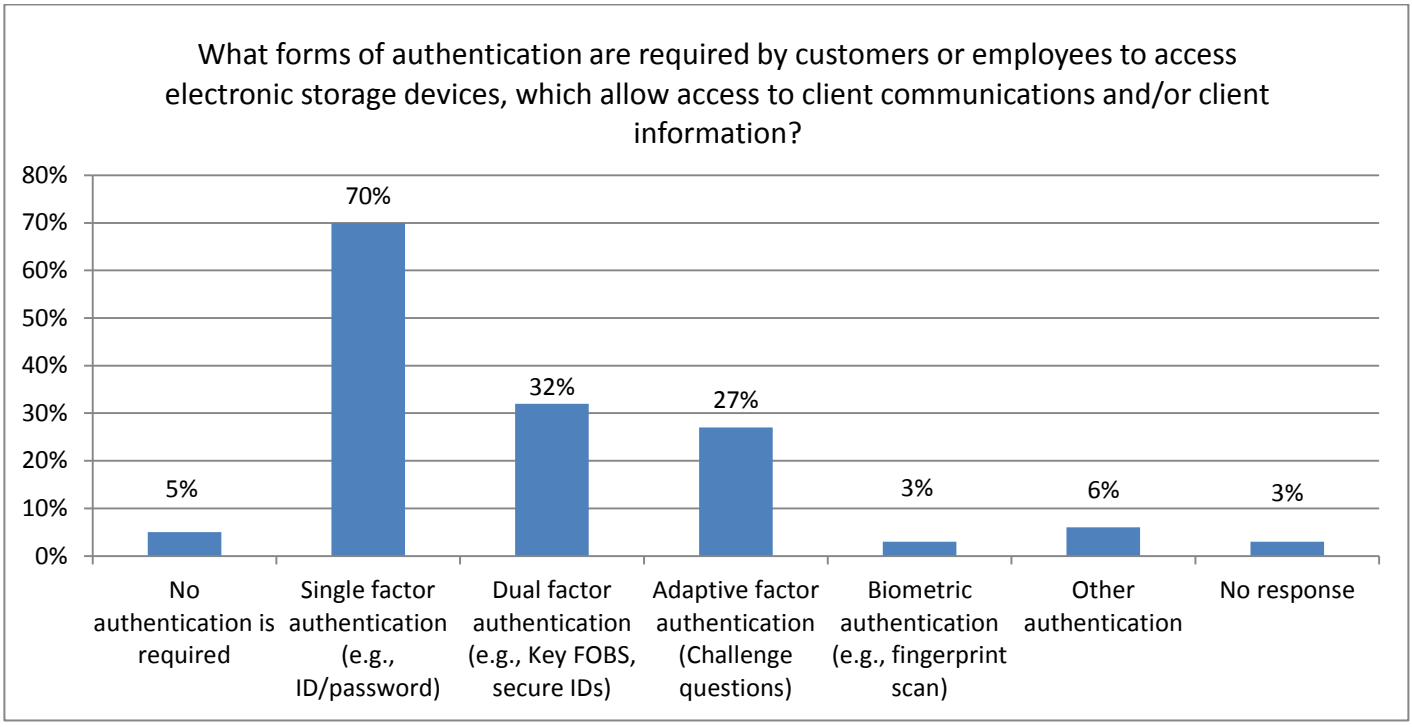
Policies, Procedures, and Training Programs



[1]

[1] Note: this question required that respondents check all categories that applied.

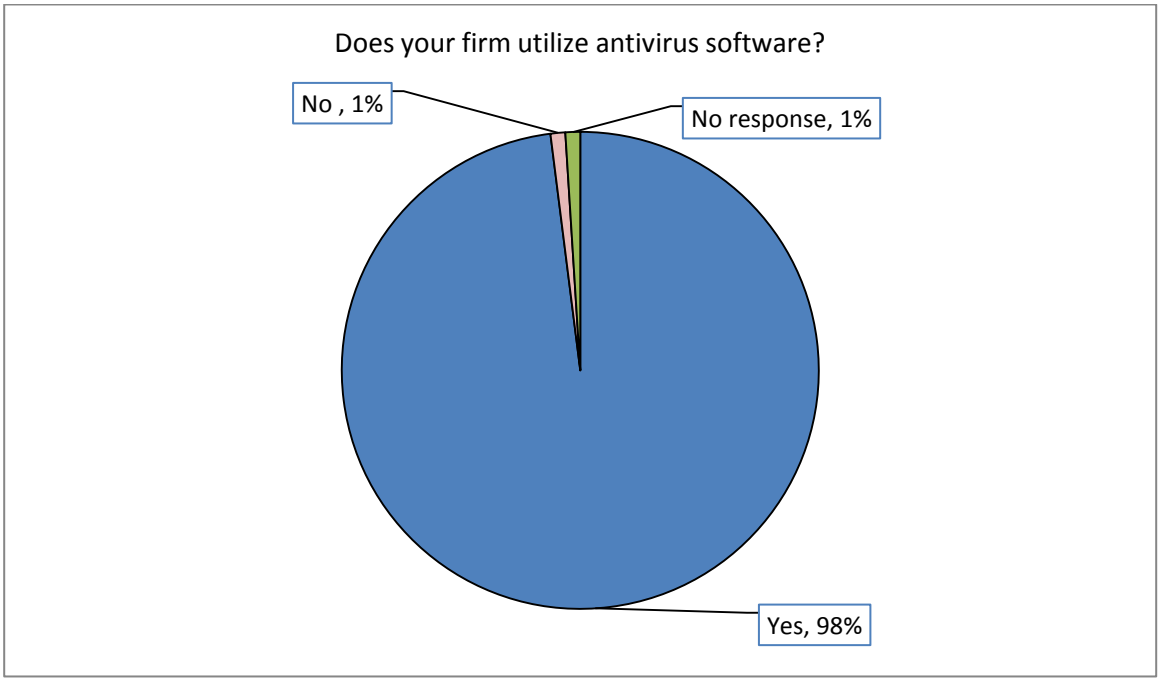
Authentication Practices

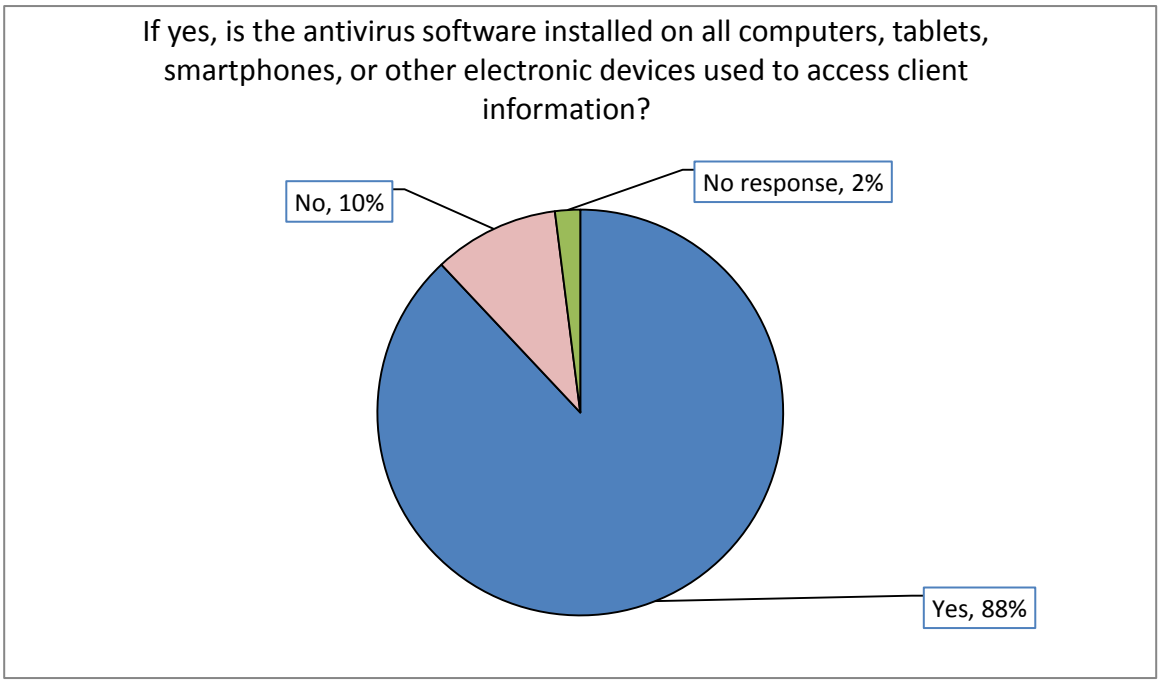


[2]

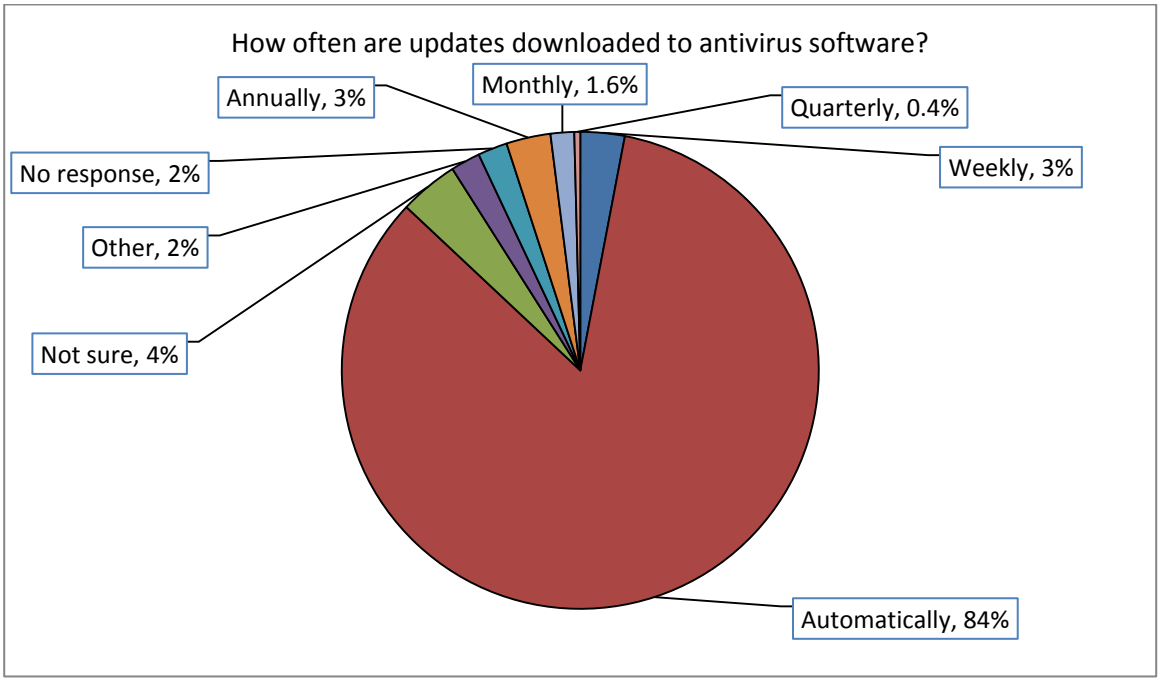
[2] Note: this question required that respondents check all categories that applied.

Use of Antivirus Software

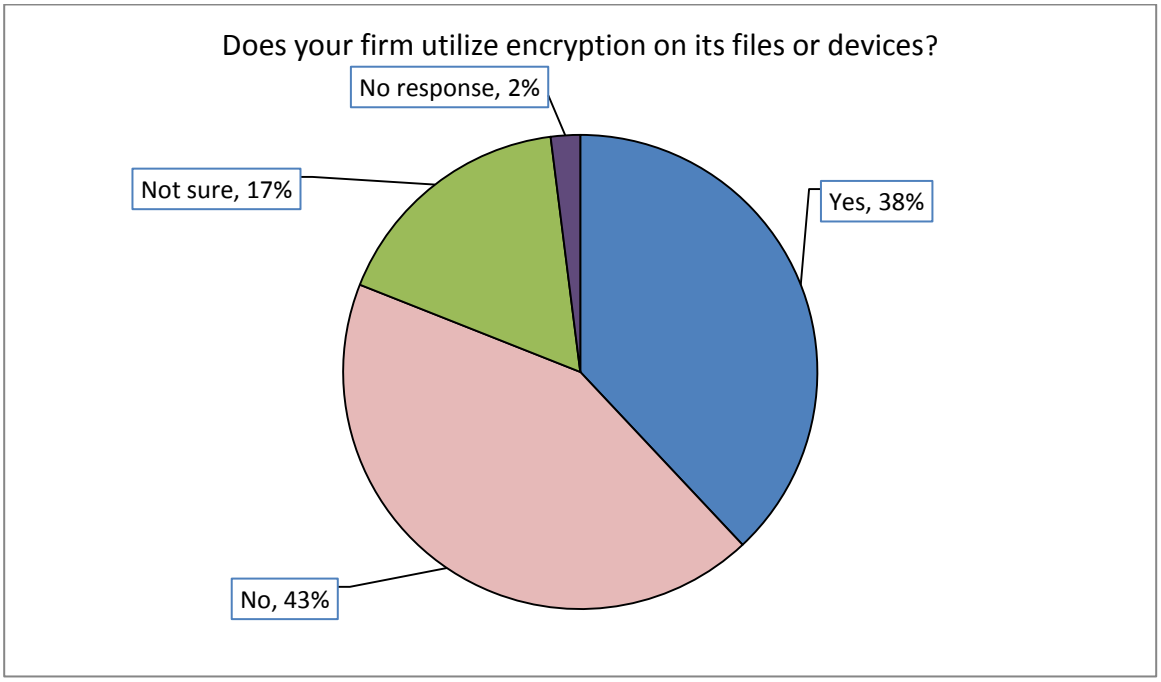


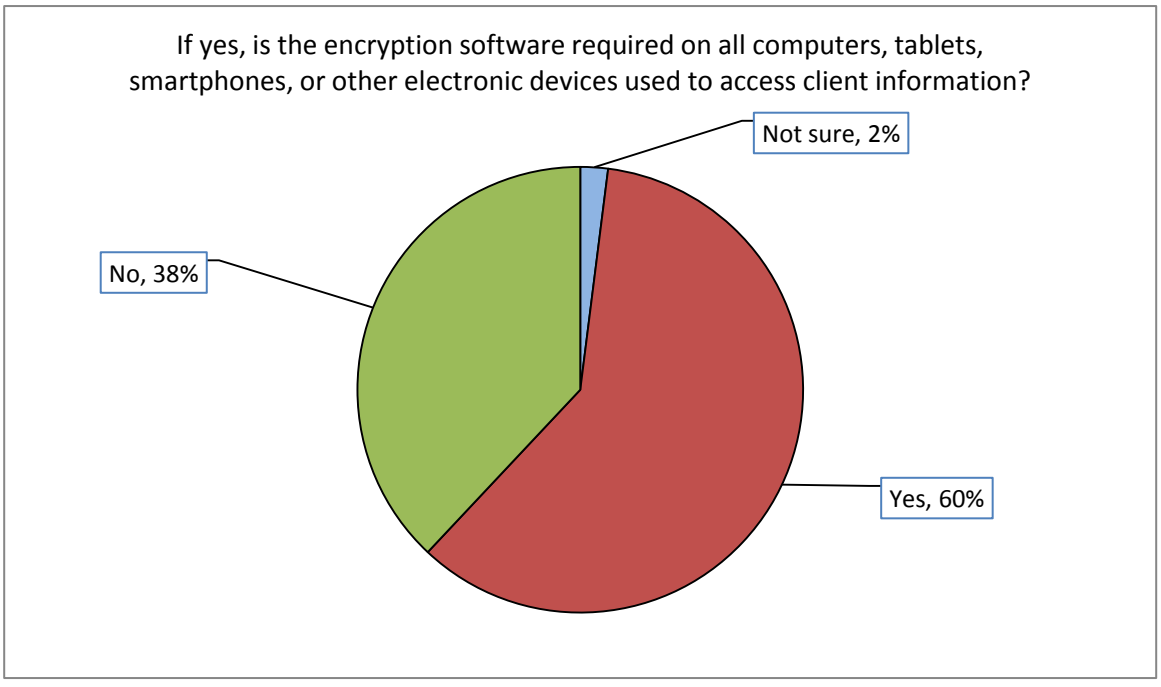


Frequency of Antivirus Updates

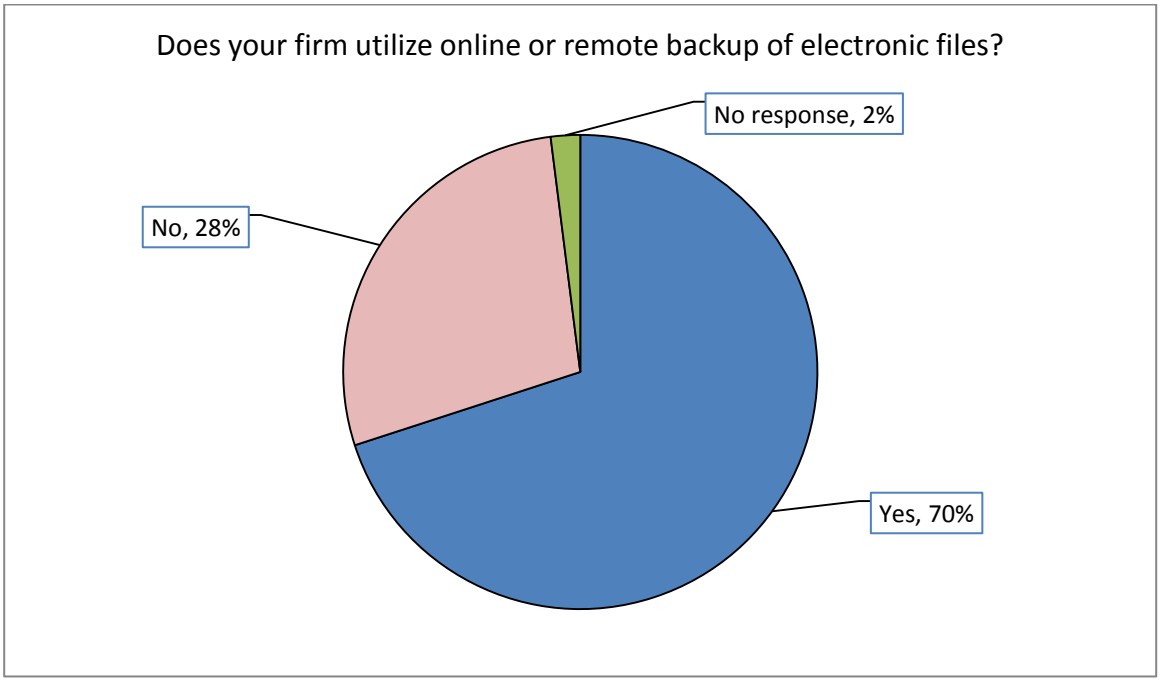


Use of Encryption



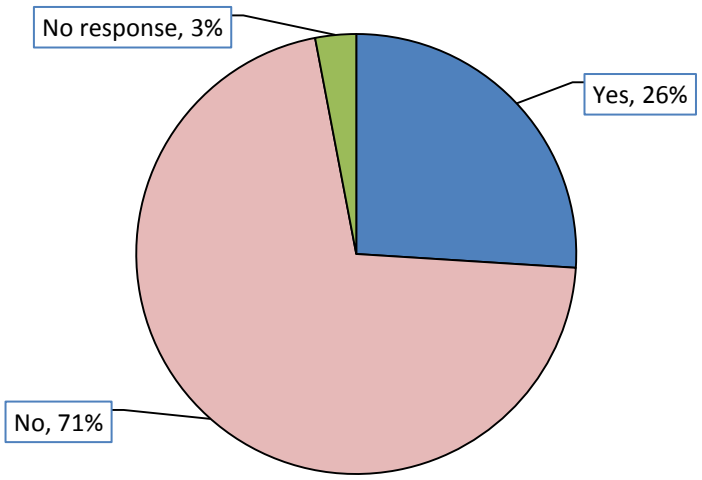


Use of Online or Remote Backup of Electronic Files

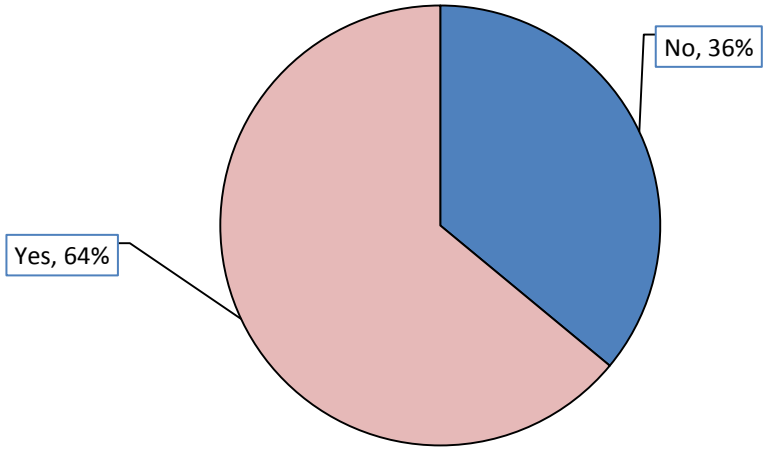


Use of Remote Access to Servers or Workstations via VPN or Similar Technology & Dual Factor Authentication

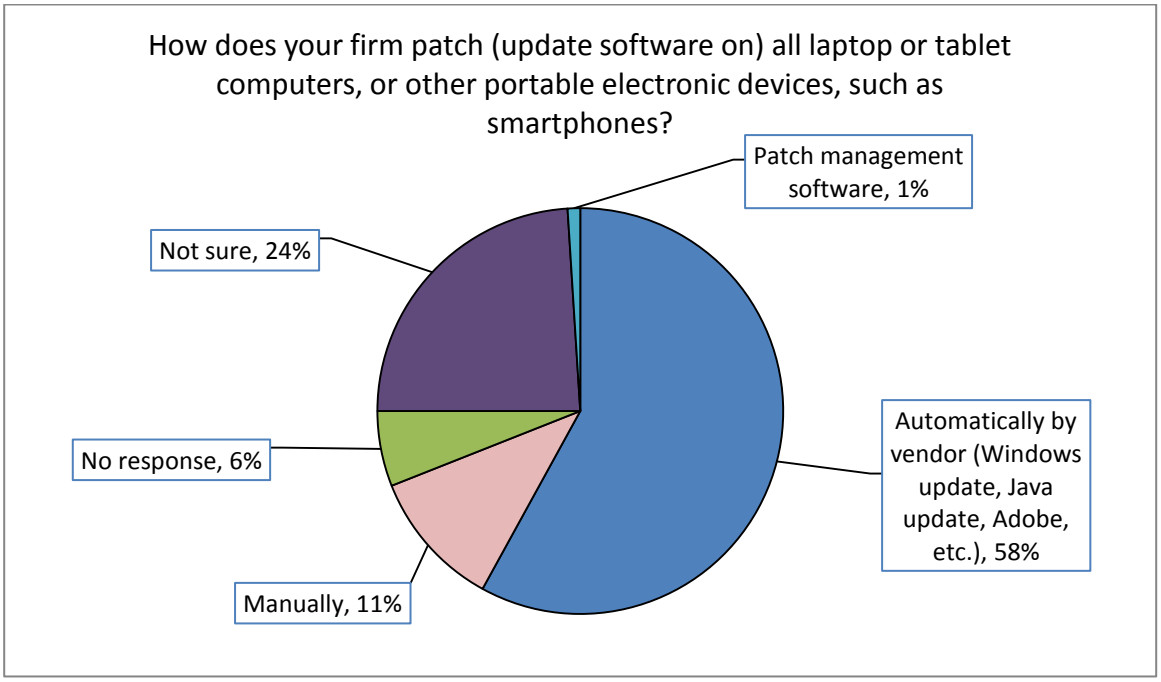
Does your firm allow remote access to servers or workstations via a virtual private network (VPN) or similar technology?



If yes, do you require dual factor (e.g., Key FOBS, secure IDs) authentication for access?

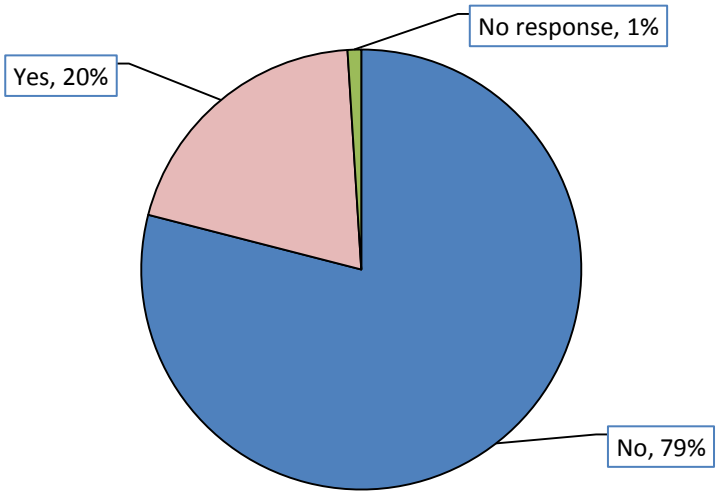


Patch Updates/Software Updates

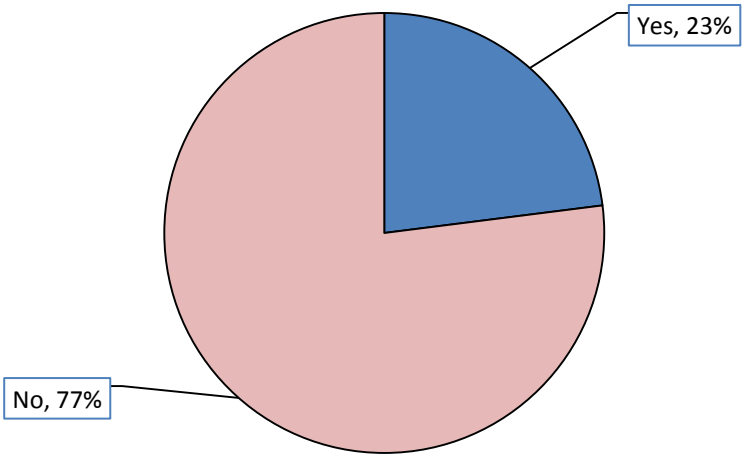


Use of Free Cloud Services

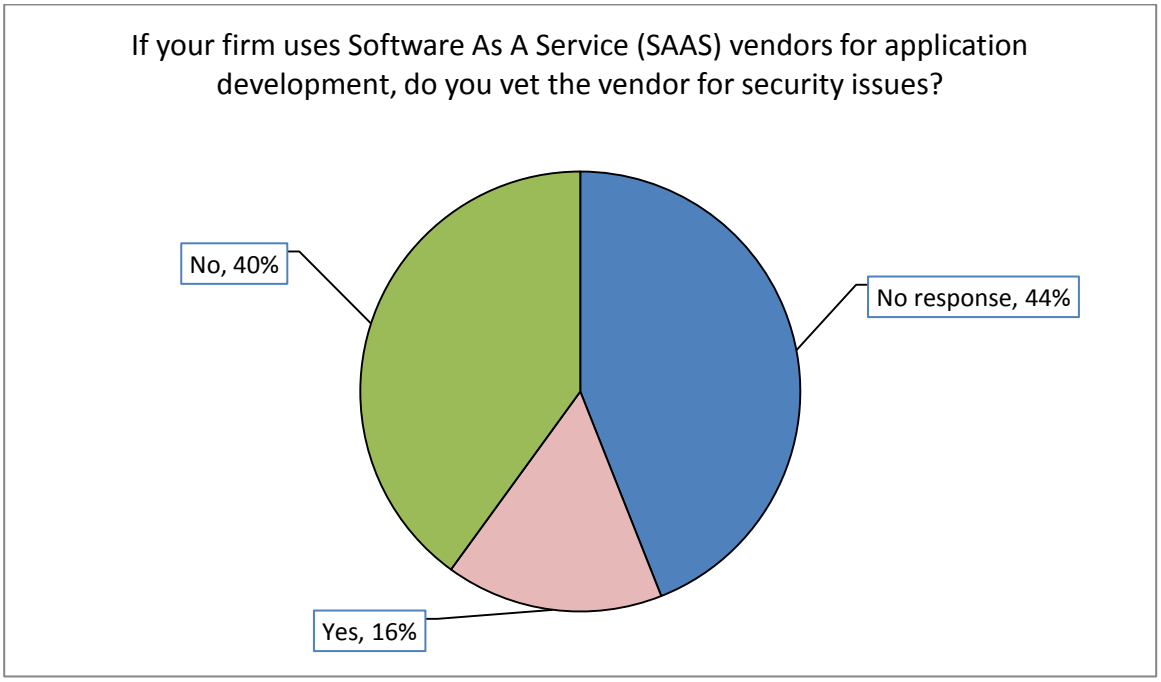
Does your firm use free Cloud services such as iCloud, Dropbox, or Google Drive, to store personal and confidential client information?



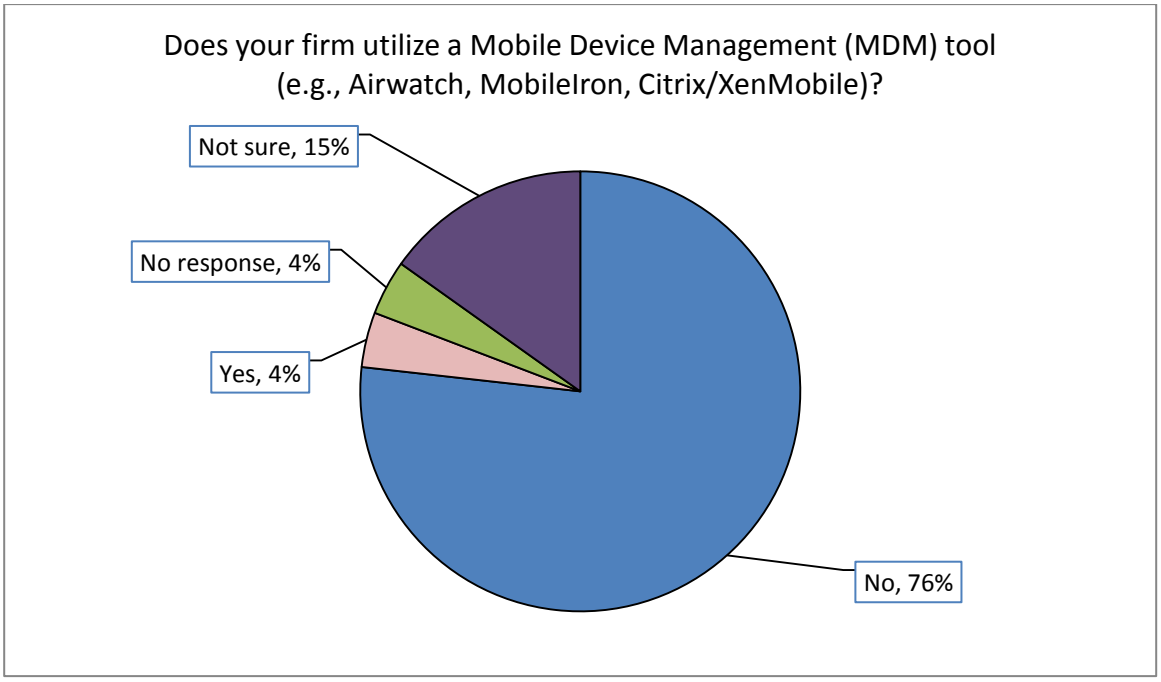
If yes, is there a policy that stipulates how these services are to be used?



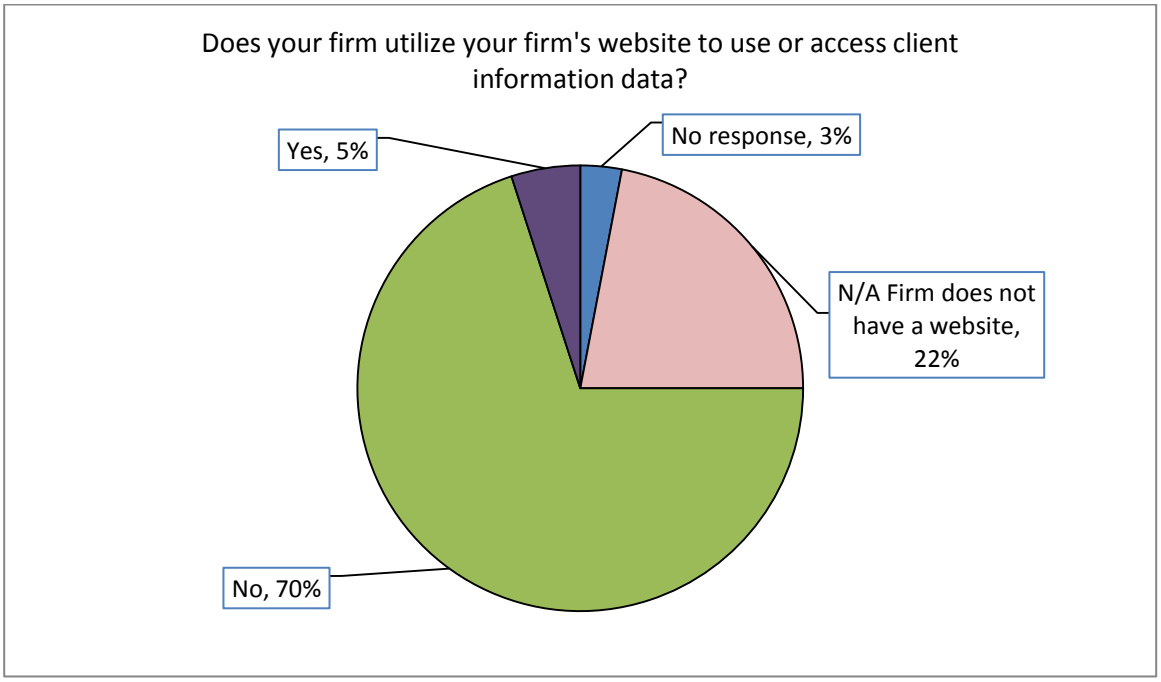
Use of Software as a Service (SAAS) Vendors

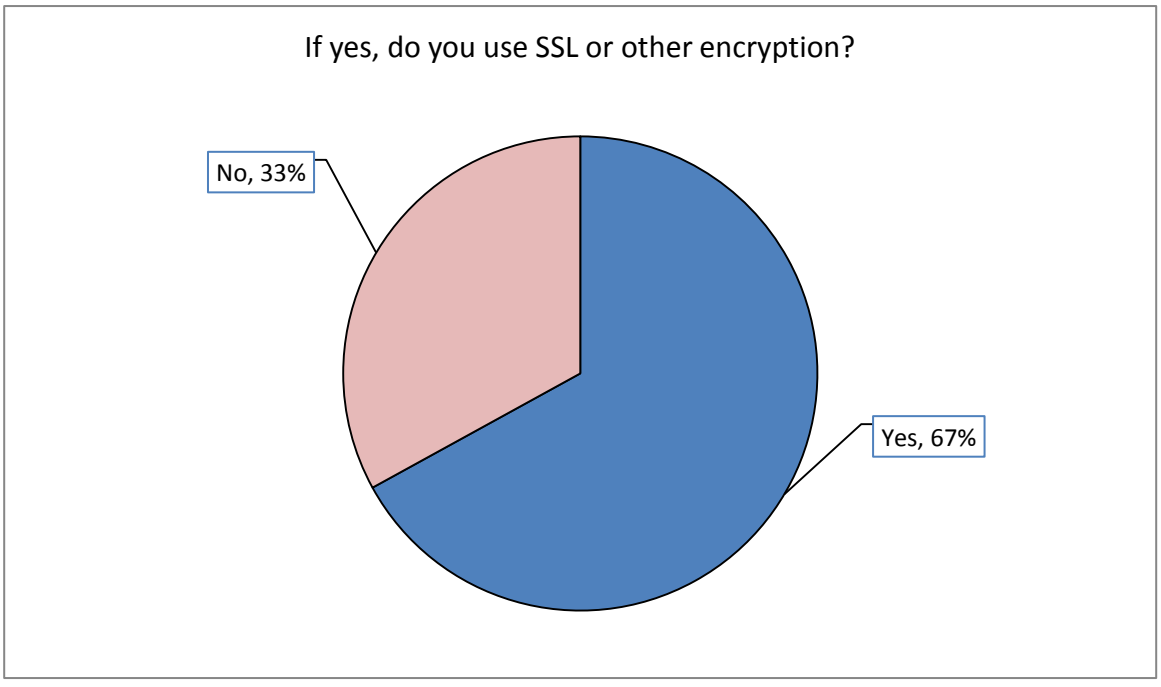


Use of Mobile Device Management (MDM) Tools



Use of Firm Websites to Access Client Data





Use of Client Portals on Firm Websites