



The text below is an excerpt from the ICI Mutual risk management study *Shareholder Authentication: Managing the Risk of Fraudulent Transactions*. The full study may be accessed at [www.icimutual.com/ShareholderAuthentication](http://www.icimutual.com/ShareholderAuthentication).

### Shareholder Awareness

Some of the more common measures taken to raise shareholder awareness include providing information to shareholders to help them avoid phishing and other similar scams. Some financial institutions even provide free anti-malware software to their customers to help them avoid scams.<sup>1</sup> Many fund groups expressly advise shareholders that the fund groups will not request passwords or personal information by e-mail or over the phone and that shareholders should decline to answer such questions (or click on links in e-mails). More generally, many fund groups advise shareholders that, if they have any doubt about the integrity of communications purporting to come from the fund group, they should call the fund group directly.

In April 2014, the SEC's Office of Compliance Inspections and Examinations ("OCIE") undertook a cybersecurity initiative, in which it examined registered broker-dealers and registered investment advisers (including some advisers of registered funds) with respect to various cybersecurity issues. The initiative specifically focused on, among other things, information given to customers about steps that they may take to reduce cybersecurity risks in conducting transactions.<sup>2</sup> In February 2015, OCIE released preliminary results from the initiative, which indicated that a majority of the examined broker-dealers and investment advisers provided retail customers with information on protecting sensitive information. This information appeared to be distributed in various ways (e.g., on websites or through e-mails or regular mail).<sup>3</sup>

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### Endnotes

<sup>1</sup> See Jeffrey Kutler, *Scottrade Adds Security to Its Brokerage Package*, Securities Technology Monitor (Aug. 6, 2007), available at <http://connection.ebscohost.com/c/articles/26183739/scottrade-adds-security-brokerage-package>.

<sup>2</sup> SEC, OCIE, Nat'l Exam Program Risk Alert, OCIE Cybersecurity Initiative (Apr. 15, 2014), <http://www.sec.gov/ocie/announcement/Cybersecurity-Risk-Alert--Appendix---4.15.14.pdf>.

<sup>3</sup> SEC, OCIE, Nat'l Exam Program Risk Alert, OCIE Cybersecurity Examination Sweep Summary (Feb. 3, 2015), <http://www.sec.gov/about/offices/ocie/cybersecurity-examination-sweep-summary.pdf>.