

SBAI Launches Cyber Security Memo targeted at small to medium-sized investment managers

14 May 2019

The Standards Board for Alternative Investments (SBAI) launched a new Cyber Security Memo which focuses on small and medium-sized alternative investment managers. The new memo, which is part of the SBAI's Toolbox, builds on the SBAI's first Cyber Security Memo, published in September 2015, and helps firms shape their cyber security strategies and risk oversight arrangements.

The new memo provides a series of practical tools smaller and mid-sized alternative investment managers can consider, including:

- A cyber defence framework
- A basic cyber hygiene implementation (the "SBAI Basic Approach")
- Due diligence of managed IT service providers
- An overview of regulatory expectations
- Examples of contractual requirements for technology service providers
- Summary of cyber security testing options

Thomas Deinet, Executive Director of the Standards Board said: "Cyber Security has become a heightened area of focus in recent years, with rising expectations from both investors and regulators. The new memo covers a series of practical steps that smaller managers can take to bolster their cyber defences and provides resources such as regulatory expectations, checklists and guides."

Bill Trent, Managing Director, Strategic Advisory at Context IS, a leading adviser and technical services provider to the financial services industry, said: "Cyber security is much more than a technical challenge – it also requires the leadership of alternative investment businesses to understand and drive improvements in organisation and operations to improve resistance to cyber-attacks and their resilience. Practical and effective guidance is in short supply; but the SBAI toolkit offers firms genuinely useful advice."

Nicolas Miller, Founder of Aedile Consulting said: "Cyber security as a topic is often presented with unnecessary complexity, used to mask the simple truth that effective cyber security is far more easily achieved through a few, basic steps than through the procurement of a vast array of expensive cyber security solutions and products. The advice from SBAI helps firms focus on the low cost and effective steps that managers of all size should be taking. It helps managers better understand the firms postures and the associated risks they are taking."

Kelli Walter, COO at Voss Capital, a signatory to the Alternative Investment Standards, said: "Smaller managers won't have the extensive internal resources of large managers, but our systems and processes are also typically more straightforward. The SBAI's new cyber-security memo provides a valuable roadmap of the key steps smaller managers can take to mitigate cyber risk."

The new cyber security memo complements the tabletop "cyber attack simulations" for investment managers the SBAI has held in key financial centres in collaboration with regulators and enforcement agencies in recent years. The new memo and the SBAI's work on cyber security can be found [here](#).

The Standards Board is the global standard-setting body for the alternative investment industry and custodian of the Alternative Investment Standards. It is supported by approximately 200 alternative

investment managers and institutional investors who collectively manage \$3.5 trillion. The SBAI Toolbox complements the SBAI's standard-setting activities by providing additional guidance to managers, investors and fund directors on practical issues.

– ENDS –



Notes to editors:

1. The SBAI (formerly known as Hedge Fund Standards Board (HFSB)) was formed in January 2008 as the standard-setting body for the alternative investment industry, bringing together managers and investors globally to help determine how the industry should operate. It is custodian of the Alternative Investment Standards, which create a framework of transparency, integrity and good governance for the industry, facilitate investor due diligence and complement public policy. Through the SBAI Toolbox, the Standards Board also provides practical guidance to investors and managers in areas such as fund governance, standardised transparency and risk reporting, cyber security and a standardised total expense ratio. The SBAI is supported by more than 125 alternative investment managers with approximately \$1 trillion in aggregate assets and by more than 65 institutional investors overseeing \$2 trillion in assets. The Standards and the full list of signatories and supporters are available at www.sbai.org.
2. In July 2014, the SBAI became an affiliate member of the International Organization of Securities Commissions (“IOSCO”). In April 2017, Ashley Alder, CEO of the Securities and Futures Commission of Hong Kong and Chairman of IOSCO, said: “When the industry evolves its own robust conduct standards, particularly through an organisation like the HFSB, where funds and investors come together, laws and regulations we enforce are less likely to be breached. There is no reason why the Standards should only apply to hedge fund managers, and we would like to encourage the HFSB to explore widening its remit.” In May 2016, Gerard Fitzpatrick, Senior Executive Leader, Investment Managers and Superannuation at the Australian Securities Commission (ASIC) said: “I commend the HFSB for identifying the importance of adequate risk disclosure and its ongoing transparency initiatives, including the launch of the standardised Administrator Transparency Report last year and the Open Protocol risk reporting standard. These initiatives are not just relevant to hedge fund managers but to all alternative investment funds and beyond.”
3. The Trustees of the SBAI are:
 - Dame Amelia Fawcett, Chairman, Standards Board for Alternative Investments (SBAI)
 - Jane Buchan, CEO, Martlet Asset Management
 - Clint Carlson, President & CIO, Carlson Capital
 - Bruce Cundick, CIO, Utah Retirement Systems
 - Luke Ellis, CEO, Man Group plc

- Stuart Fiertz, Co-Founder & President, Cheyne Capital
- David George, Deputy Chief Investment Officer, Public Markets, Future Fund Australia
- Chris Gradel, Founder, PAG
- Richard Lightburn, CEO, MKP Capital
- Simon Ruddick, Chairman & Co-Founder, Albourne Partners
- Daniel Stern, Co-Founder and Co-CEO, Reservoir Capital Group
- Betty Tay, Managing Director, Head of External Managers Department, GIC Private Limited
- Mario Therrien, Senior VP, Strategic Partnership – Developed Markets, Caisse de dépôt et placement du Québec
- Dale West, Senior Managing Director, Teacher Retirement System of Texas
- Poul Winslow, Senior Managing Director, Global Head of Capital Markets and Factor Investing, Canada Pension Plan Investment Board

4. The Founders of the SBAI are:

- Brummer and Partners
- Cheyne Capital
- CQS
- Man Group plc
- Marshall Wace
- Oz Management
- Winton

5. The Core Supporters of the SBAI are:

- Aberdeen Asset Management
- Albourne Partners
- Angelo Gordon
- Arrowgrass Capital Partners LLP
- Bridgewater Associates
- Carlson Capital
- Citadel
- Ionic Capital Management LLC
- Magnetar Capital
- Orchard Global Asset Management
- PAG
- Unigestion