

Investor Chapter

The HFSB is delighted to welcome a new member to its Investor Chapter:

- **West Virginia Investment Management Board (USA)**

First HFSB Cyber Attack Simulation Exercise

The HFSB held its first table top cyber-attack simulation exercise in London. The event focussed on crisis management of three realistic cyber-attack scenarios: data theft, financial infrastructure attack and crypto ransomware. A panel of cybersecurity and regulatory experts discussed the technical and managerial response to these incidents. The event was attended by cyber security/IT experts, COOs, compliance staff as well as institutional investors (Operational Due Diligence).

The key takeaways from the event include:

- There should be a clear understanding of responsibilities when a cyber emergency occurs - it's not just an IT issue!
- Do not overestimate your own capabilities; seek external help when serious breaches occur
- Firms should develop a cyber incident response plan that is understood across all their departments.

The panel also discussed the legal considerations to be taken into account when a breach occurs. This was particularly relevant in the data breach scenario, where material non-public/market-moving information was inadvertently leaked.

Thomas Deinet, Executive Director of the HFSB stated: "This is the second large-scale initiative by the HFSB in the area of cyber security, following the publication of the cyber security memo in September 2015. Simulation exercises are a very powerful approach to sharpening understanding about how incidents can unfold. We encourage managers to revisit the HFSB Cyber Security Memo for helpful guidance."

The roundtable was hosted by Stroz Friedberg who shared their "war stories" and moderated the attack scenarios.

The HFSB would like to thank Stroz Friedberg for hosting and moderating the event and the panellists from Brummer Partners (Johan Alm), Cheyne Capital Management (Eamon Kelly), Marshall Wace Asset Management (James McGinnigle) and Clifford Chance (Peter Chapman) for their valuable insight.

The HFSB will run a similar Cyber Attack simulation with its North American stakeholders in Q1 2016 in New York.

Nordic Institutional Investor Roundtable, Helsinki

This month the HFSB held its Annual Nordic Institutional Investor Roundtable in Helsinki which was attended by institutional investors, HFSB stakeholders and regulators. Ilkka Harju, Director of the Financial Markets Department of the Ministry of Finance of Finland, made the keynote remarks where he focussed on the Capital Markets Union, the need for "more market-based finance" and a "less is more approach" to financial regulation.

Swiss Institutional Investor Roundtable, Geneva

The HFSB also held its Swiss Institutional Investor Roundtable in Geneva, which was hosted by Unigestion. The participants discussed investor due diligence case studies, investor priorities for 2016, managing conflicts of interest and cyber security.

The main case study presented by Jarkko Matilainen, Director of Hedge Funds at Varma, focussed on the company's pragmatic implementation of responsible investment in their hedge fund programme, as well as their differentiated approach to hedge fund strategies. As part of the responsible investment programme, Varma encourages managers to sign up to the Hedge Fund Standards.

The panel included Damien Loveday (Towers Watson), Niina Bergring (Veritas Pension Insurance Company) and John Richardson (Ionic Capital Management) who shared their views on:

- Investor due diligence: challenges in assessing a manager's "culture"
- Investor need for more customisation and how managers can prevent resulting conflicts of interest.

The HFSB would like to thank our host, Varma Mutual Pension Insurance Company, as well as the speakers for their invaluable contribution to the event.

The speakers included Jean-Francois Hirschel and Christophe Juhem (Unigestion), Farouk Saidji (Mirabaud Asset Management) and John Richardson (Ionic Capital Management).

The HFSB would like to thank our host, Unigestion, and the speakers for their insightful presentations.

This concludes the 2015 HFSB Institutional Investor Roundtable series, which also included other high profile events in Sydney, Melbourne, Shanghai, London, New York, Montreal, Beijing and Helsinki.

The list of our 2016 series is being prepared and will be communicated shortly by email and through our website.

West Virginia Investment Management Board

West Virginia Investment Management Board is an investment management organization statutorily charged by the State of West Virginia with responsibility for investing State funds not needed for operating purposes. This includes all statewide defined benefit pension plans, employment security plans, and assets of miscellaneous other state related entities, many of which demand discrete investment portfolios. Although a creature of statute the Board is governed and managed independent of state government. Headquartered in Charleston, West Virginia, as of October 31, 2015, assets under management totaled \$17 billion."

Core Supporters

We are immensely grateful to our Core Supporters for their continued contribution to our mission to promote better practices in the hedge fund industry. The role of our Core Supporters has been instrumental in the success of our global signatory campaign, particularly in North America and Asia.



We are looking forward to continuing our collaboration in 2016.

Founders

We also would like to take this opportunity to express our deep gratitude to our Founders for their on-going guidance and support, without which the HFSB would not be where it is today.



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