

Newsletter

January 2016



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Signatories

The HFSB is delighted to welcome two new additions to its Signatory family:

- **Alyeska Investment Group (USA)**
- **ROW Asset Management (USA)**

HFSB Press Release, following first HFSB Cyber-Attack Simulation Exercise

The HFSB published a [press release](#) on the findings of its first cyber-attack simulation exercise held in London. The event was fully covered in the [December 2015 Newsletter](#).

The HFSB will run the second cyber-attack simulation exercise in New York on 3 March 2016. The event will be hosted by Stroz Friedberg and is for the HFSB North American stakeholders. Invitations will be sent out shortly.

Public speaking

Dame Amelia Fawcett, HFSB Chairman, will be speaking at the Texas Hedge Fund Conference in Austin, Texas on 25 February 2016.

HFSB Upcoming events

- 3 March: HFSB Cyber Security Attack simulation (New York City)
- 19 May: Annual North American Stakeholder Forum (New York City)

Invitations for both events will be sent out shortly.

SEC 2016 Examination Priorities

The SEC announced on 11th January its [Office of Compliance Inspections and Examinations' \(OCIE\) 2016 priorities](#). Areas of focus include protection of retail investors, market-wide risks (i.e., cyber security, liquidity risk management) and data analytics (i.e., fraud detection).

In the area of cyber security, the SEC's approach will involve testing and assessment of firms' implementation of procedures and controls. The [HFSB's Toolbox guidance](#) and the [HFSB Cyber Attack simulations](#) will help signatories to strengthen their approach in advance of such testing and assessment.

In the area of liquidity risk management, the SEC's examinations will focus on advisors with exposure to potentially illiquid fixed income securities. The reviews will include firms' controls in the area of market risk management, valuation and liquidity management. All these areas are covered extensively in the [Hedge Fund Standards](#), including conduct of regular stress testing/scenario analysis, to assess the impact of extreme market occurrences on the value of the portfolio, as well as account for valuation sensitivities under stressed conditions.

The examination priorities also mention controls and disclosure associated with the side-by-side management of performance-based and purely asset-based fee accounts. In this context, the HFSB's work on conflicts of interest in parallel funds is of relevance (see the [press announcement](#) and [results of Consultation Paper CP4](#) published in 11/2015) which focusses on strengthening internal compliance procedures and improving disclosure of conflicts of interest.

The HFSB will continue to explore the above-mentioned areas with its signatories and investors at its Institutional Investor Roundtables in 2016, as well as continually monitor regulatory priorities of key regulators for inclusion in Roundtables and meetings with stakeholders.

Alyeska Investment Group	Alyeska Investment Group, L.P. is a Fundamental Equity Market Neutral Hedge Fund. The firm was founded in 2007 and has one office based in Chicago, IL. The firm focuses on large – mid cap U.S. Equities covering all the major sectors within the U.S. market.
ROW Asset Management	ROW Asset Management (ROWAM) is a quantitative asset management firm formed in July 2010 by Ryan O'Grady and Jeffrey Weiser. The firm's objective is to seek to exploit investment opportunities in liquid global markets using a proprietary, diversified trading strategy. ROWAM currently employs ten professionals.

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