

Press Release

SEC Announces Enforcement Initiatives to Combat Cyber-Based Threats and Protect Retail Investors

FOR IMMEDIATE RELEASE

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Washington D.C., Sept. 25, 2017— The Securities and Exchange Commission today announced two new initiatives that will build on its Enforcement Division’s ongoing efforts to address cyber-based threats and protect retail investors. The creation of a Cyber Unit that will focus on targeting cyber-related misconduct and the establishment of a retail strategy task force that will implement initiatives that directly affect retail investors reflect SEC Chairman Jay Clayton’s priorities in these important areas.

Cyber Unit

The Cyber Unit will focus the Enforcement Division’s substantial cyber-related expertise on targeting cyber-related misconduct, such as:

- Market manipulation schemes involving false information spread through electronic and social media
- Hacking to obtain material nonpublic information
- Violations involving distributed ledger technology and initial coin offerings
- Misconduct perpetrated using the dark web
- Intrusions into retail brokerage accounts
- Cyber-related threats to trading platforms and other critical market infrastructure

The unit, which has been in the planning stages for months, complements the Chairman’s initiatives to implement an internal cybersecurity risk profile and create a cybersecurity working group to coordinate information sharing, risk monitoring, and incident response efforts throughout the agency.

“Cyber-related threats and misconduct are among the greatest risks facing investors and the securities industry,” said Stephanie Avakian, Co-Director of the SEC’s Enforcement Division. “The Cyber Unit will enhance our ability to detect and investigate cyber threats through increasing expertise in an area of critical national importance.”

Over the past several years, the Enforcement Division has developed substantial expertise in the detection and pursuit of fraudulent conduct in an increasingly technological and data-driven landscape. The Cyber Unit will consolidate and advance these efforts, and include staff from across the Enforcement Division.

Robert A. Cohen has been appointed Chief of the Cyber Unit. Since 2015, he and Joseph Sansone have been Co-Chiefs of the Market Abuse Unit. Mr. Sansone will continue to lead the Market Abuse Unit as its Chief.

Retail Strategy Task Force

The Retail Strategy Task Force will develop proactive, targeted initiatives to identify misconduct impacting retail investors. The Enforcement Division has a long and successful history of bringing cases involving fraud targeting

retail investors, from everything involving the sale of unsuitable structured products to microcap pump-and-dump schemes.

This task force will apply the lessons learned from those cases and leverage data analytics and technology to identify large-scale misconduct affecting retail investors. The task force will include enforcement personnel from around the country and will work with staff across the SEC, including from the SEC's National Exam Program and the Office of Investor Education and Advocacy.

"Protecting the welfare of the Main Street investor has long been a priority for the Commission," said Steven Peikin, Co-Director of the SEC's Enforcement Division. "By dedicating additional resources and expertise to developing strategies to address misconduct that victimizes retail investors, the division will better protect our most vulnerable market participants."

Statement from Chairman Clayton

"When Stephanie and Steve approached me with these initiatives, I endorsed them wholeheartedly. They reflect the division's continual efforts to pursue new forms of misconduct while keeping a watchful eye out for our Main Street investors," said SEC Chairman Jay Clayton.

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