

>>> FAIRVIEW FLASH REPORT <<<
OCIE 2016 Examination Priorities

**WHAT
HAPPENED?**

On January 11, 2016, the Securities and Exchange Commission (“SEC”) announced the 2016 priorities for its Office of Compliance Inspections and Examinations (“OCIE”). As discussed below, many of the key focus areas are continued themes from 2015. However, the OCIE identified new areas of focus, including:

- Liquidity controls;
- Public pension advisers;
- Production promotion;
- Exchange traded funds and variable annuities.

**WHAT ARE
THE 2016
EXAM
PRIORITIES?**

The OCIE identified the following three areas of concentration that apply across various financial institutions, from investment advisers and investment companies to broker-dealers and clearing agencies:

i. Retail Investors

The SEC will continue to focus its efforts on retail investors, including investors seeking to fund their retirement. As part of this effort, the OCIE will continue certain 2015 initiatives to assess the risks to individuals seeking assistance with retirement planning.

ii. Market-wide risks

In seeking to fulfill its “mission of maintaining fair, orderly, and efficient markets”, the OCIE will continue to stress the importance of cybersecurity in 2016. The OCIE is also planning to add new initiatives to: (a) evaluate liquidity risk management practices at investment advisers and broker-dealers; and (b) assess compliance with the SEC’s Regulation Systems Compliance and Integrity (“Regulation SCI”). Regulation SCI was adopted by the SEC in November 2014 and aims to strengthen the technology infrastructure of the U.S. securities market.

iii. Data Analytics

Examiners will continue to use enhanced technology to efficiently analyze large amounts of data to identify potential illegal activity. The OCIE will assess areas such as anti-money laundering compliance, microcap fraud, and identify excessive trading.

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WHAT IS NEXT?

Fairview will help advisory clients include these priorities in the review of their compliance programs. As always, Fairview will assist with the review and documentation process. If you are not a client but are interested in obtaining information regarding Fairview's services, please contact us at info@fairviewinvest.com.

Source: [SEC Press Release on 1.11.2016](#)