

## **Financial Executives Criticize Their Compliance Programs**

*Don't trust regulatory preparedness, cybersecurity efforts*

**WAYNE, Pa. – August 15, 2017** – A large percentage of senior executives in financial services do not believe their firms would adequately survive the scrutiny of a regulatory exam, according to the results of a new survey released today by [Cipperman Compliance Services](#) (CCS). The survey of executives at asset managers, alternative managers and broker-dealers also revealed widespread concerns over cybersecurity protections. The survey results raise significant questions about the effectiveness of increased spending in recent years on internal compliance resources.

The fourth annual “C-Suite Survey” from CCS drew on responses from more than 200 executives such as CEOs, CFOs, CCOs and General Counsel.

Forty-three percent of alternative managers, such as hedge or private equity funds, do not believe their compliance programs are up to exam standards; an additional 32% of broker-dealers and 25% of asset managers are concerned they might not pass an exam.

“These results should be a loud wake-up call to the industry regarding how they’re approaching compliance and exam preparation,” said Todd Cipperman, founding principal of CCS. “The regulatory pressures from the SEC, FINRA, and large clients require a more professional approach than dual-hatting a busy executive or hiring or appointing an overwhelmed internal compliance officer.”

When asked their attitudes toward compliance, respondents indicated an industry-wide shift is underway. Sixty-one percent of respondents view the function as a part of doing business, such as meeting regulatory requirements or attracting and retaining clients. This equates to an 18% upswing from 43% in 2016.

“Because compliance has become so important to protecting the franchise, firms need to bring in third-party experts in the same way they have traditionally retained outside lawyers and auditors. One bad exam and penalty could do irreversible damage to the reputations these managers have built.”

### **Few Executives Are Confident In Their Cybersecurity**

Cybersecurity remains a large concern, despite increased media and regulatory focus and commensurate spending. For example, only 43% of alternative managers believe their cyber policies would satisfy regulators.

“Internal compliance officers might not have the comprehensive skills to address the technical requirements of an adequate cybersecurity program,” opined Robert Prucnal, president of CCS. “Firms should consider bringing in experts who can take a more objective view of the IT environment.”

**To view the full survey results, please visit:**

<https://cipperman.com/resources/2017C-SuiteSurveyResuts.pdf>

**About Cipperman Compliance Services** Cipperman Compliance Services is an industry leader that provides outsourced regulatory compliance services for registered advisers, funds and broker-dealers. The firm offers its' clients the opportunity to outsource the CCO role or take on support role responsibilities. Given the visibility of regulatory oversight in today's environment, our position as an independent partner is extremely valuable to fund sponsors and investment managers.

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**Contact:**

Ryan Dicovitsky

Dukas Linden Public Relations

[ryan@dlpr.com](mailto:ryan@dlpr.com)

(646) 808-3646