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## Wealth and asset management

Cash sweep accounts  
Class action matter services  
Forensic & Integrity Services

December 2024

The U.S. Securities and Exchange Commission (SEC or Commission) has been examining cash sweep accounts for broker-dealers and investment advisers. The Commission's "Fiscal Year 2025 Examination Priorities"<sup>1</sup> signal that review of cash sweep accounts will continue to be a regulatory focus. These accounts involve the practice of transferring uninvested customer balances into interest-bearing deposit accounts as a means of generating income. There have been numerous class action lawsuits filed by customers against financial institutions for allegations of breaches of fiduciary duty, gross negligence and undue enrichment while customers have seen only minimal returns.

Given the increased regulatory scrutiny and the risk of customer-initiated litigation, it is imperative for financial institutions to thoroughly understand their cash sweep account practices. Taking steps to mitigate risks and understand the cash sweep processes from a monitoring, identification, threshold setting, accrual and reporting perspective can help avoid regulatory enforcement actions and litigation.

We deliver multidisciplinary litigation support to financial institutions and their counsel regarding these types of matters involving cash sweep accounts. Our professionals are versed in conducting transaction and account analysis, leveraging forensic data analytics, e-discovery and addressing compliance program process exercises to identify where discrepancies may exist and preparing possible damage calculations as part of the processes listed here.

Account monitoring for balance activity

Excess cash identification

Threshold settings

Automated transfers and associated transaction logic

Reverse sweep activity

Applicable fees and identified investment risk

Transaction recording, reporting and reconciliation

<sup>1</sup> "Fiscal Year 2025 Examination Priorities," SEC website, <https://www.sec.gov/files/2025-exam-priorities.pdf>, accessed November 2024.



The better the question. The better the answer. The better the world works.

Service	Description
Litigation support	<p>We assist with the preparation of potential damage calculations, analyses, e-discovery asset and transaction tracing exercises, and strategies required for complex litigation matters.</p>
Investigations	<p>We support clients in presenting their position on financial matters in arbitrations, court proceedings and other dispute resolution procedures. We also have a deep roster of experienced advisors who can provide reports or consultative advice based on the specific matter.</p>
Program enhancements	<p>Companies reacting to examinations and inquiries from regulators or litigation matters often require assistance to collect evidence, conduct information seeking interviews, and analyze accounting or other business records. Clients choose our integrated investigative team of forensic accountants, fraud examiners and former law enforcement professionals who work alongside data analysts and e-discovery professionals to provide comprehensive investigative support capabilities. The full-service EY investigations practice eliminates the need for multiple external advisors, reducing risk transfer and improving efficiency and cost-effectiveness.</p>
	<p>Following any investigation or litigation support, institutions may seek assistance to implement program improvements to reach their targeted future state when reacting to regulatory updates or responding to enforcement audits and actions. Clients choose EY Forensics professionals to assist in drafting or revising policies and procedures, updating control activities, developing training, modifying resource allocation, aligning systems or redesigning the program.</p>

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Embedding integrity into an organization's strategic vision and day-to-day operations is critical when managing complex issues of fraud, regulatory compliance, investigations and business disputes. More than 4,000 EY forensic and technology professionals help leaders balance business objectives and risks, build data-centric ethics and compliance programs, and ultimately develop a culture of integrity. EY teams consider your distinct circumstances and needs to assemble the right multidisciplinary and culturally aligned professionals for you and your legal advisors. They strive to bring you the benefits of leading EY technology, deep subject-matter knowledge and broad global sector experience.

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