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2012 INVESTMENT MANAGEMENT COMPLIANCE TESTING SURVEY RESULTS

WASHINGTON, D.C./BERWYN, PA – July 17, 2012: The Investment Adviser Association, ACA Compliance Group, and Old Mutual Asset Management are pleased to announce the conclusion of their seventh annual Investment Management Compliance Testing Survey.

The survey was conducted online from April 23 to May 18 and collected responses from 555 compliance professionals, representing a range of SEC-registered investment advisers. The aggregate survey results are now publicly available on the [Investment Adviser Association web site](#) and the [ACA Compliance Group web site](#).

This year's survey addressed compliance testing in the context of performance advertising, pay to play, special trading issues, and oversight of third party service providers. The survey also contained trend update questions about social media, whistleblowing, gifts and entertainment, and insider trading.

Key findings include:

- Since last year's survey, compliance testing has increased the most in the areas of pay to play, advertising and marketing, personal trading and social media. 79% of firms indicate that they have not decreased compliance testing in any area.

- Fewer than half the respondents claim compliance with GIPS® (Global Investment Performance Standards) in presenting performance results. 85% of such firms engage a third party verifier even though verification is not required. Furthermore, 31% of firms that do **not** claim GIPS® compliance engage a third party to review their performance presentations. Overall, 28% of firms have increased their testing of performance advertising since last year.
- Pay to play policies are widespread, with only 15% of firms reporting that the rule does not apply to them. 76% of firms apply their policies to **all** employees (as compared with 68% in last year’s survey), and only 12% limit their policies solely to “Covered Associates” that must be covered under the pay to play rule. 7% of firm policies prohibit all political contributions, and 60% require pre-clearance of contributions.
- 82% of firms conduct best execution reviews of their securities trades. The most common forensic tests for best execution include review of trade errors, review of best execution policies and procedures, review of an approved broker-dealers list, comparisons to benchmarks, and review of soft dollars or commission sharing arrangements.
- Social media is the “hottest” compliance topic cited in the survey. 80% of firms have adopted formal written policies concerning social networking, up from 64% in 2011 and 43% in 2010. 54% of firms prohibit the use of personal social media sites for business purposes, and 52% report that their social media testing has increased since 2010. The next most commonly cited “hot” compliance topic is insider trading. 74% percent of firms test to detect insider trading, and over 30% have increased their testing since last year.

“We are very pleased that a record number of respondents – 555 compliance professionals – participated in our survey, which is designed to provide a helpful benchmark of compliance testing practices across the investment management industry,” said Kathy Ireland, Associate General Counsel at the Investment Adviser Association. “Over the years, this survey has demonstrated that compliance programs are dynamic and responsive to a wide variety of regulatory issues and concerns.”

“With the highest response to the survey to date, it is apparent that the industry understands the importance of considering industry best practices in the continuing development of a firm’s compliance program,” noted Amy Yuter, Vice President and Senior Compliance Manager of Old Mutual Asset Management. “By participating in the survey, respondents gain insight into the various testing options available in areas of recent industry and regulatory focus and have the opportunity to share their testing best ideas.”

“The survey results reflect what ACA consultants have seen in practice: continued emphasis on testing, increased attention on compliance with the SEC’s pay to play rule

and social media, and proactive reviews of performance claims,” said ACA Compliance Group Senior Principal Consultant Lynne Carreiro. “We know compliance professionals have many competing demands on their time, and we thank all survey participants for their willingness to make the time to participate in this year’s survey.”

About the survey organizers:

ACA Compliance Group

ACA Compliance Group (ACA) provides expert compliance consulting and GIPS® verification services to investment advisers, private funds, investment companies, and broker-dealers. For more information, please visit www.acacompliancegroup.com.

Investment Adviser Association

The Investment Adviser Association is a non-profit association based in Washington, DC that represents the interests of SEC-registered investment advisory firms. The IAA’s membership consists of more than 525 SEC-registered investment adviser firms that collectively manage in excess of \$10 trillion for a variety of institutional and individual clients. For more information, please visit: www.investmentadviser.org.

Old Mutual Asset Management

Old Mutual Asset Management (OMAM) is a global multi-boutique investment organization, managing and growing a diverse portfolio of asset managers that serve institutional and individual investors around the world. The assets under management of OMAM's affiliated investment firms were \$221 billion as of March 31, 2012. OMAM is the name through which Old Mutual (US) Holdings Inc. conducts its U.S. asset management business. Its parent company is London-based Old Mutual plc. More information on OMAM, its member firms, and their investment teams and strategies, is available at www.oldmutualus.com. Old Mutual Asset Management International is the global distribution arm of OMAM.

Old Mutual plc

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