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2008 INVESTMENT MANAGEMENT COMPLIANCE TESTING SURVEY REPORT: IDENTIFICATION OF NEW TESTING IDEAS AND TREND UPDATES

WASHINGTON, D.C./BERWYN, PA – June 30, 2008: The Investment Adviser Association, ACA Compliance Group, *IM Insight*, and Old Mutual Asset Management today issued their 2008 investment management compliance testing survey report. The report identifies a number of new compliance testing ideas at investment advisory firms in the areas of best execution, pricing and valuation, and anti-money laundering. In addition, the survey analyzes certain compliance testing trends in the areas of soft dollars, gifts and entertainment, and insider trading.

The report is based on results from an online survey conducted in March 2008. More than 400 compliance professionals responded to the survey, representing a wide range of SEC-registered investment advisers.

Key findings include:

- Compliance costs are on the rise – increasing at 65% of the respondent firms.
- Many participants report compliance resources that are barely adequate (30%) or insufficient (26%).
- A majority of firms (64%) reported that their firm had one or fewer employees working full-time in the legal and/or compliance functions.
- 58% of firms reported that their culture of compliance had improved over the past year.

- Compliance testing for insider trading has increased significantly from only 20% in 2005 to over 80% in 2008.

“The results of this periodic survey continue to provide compliance professionals in the investment management industry key benchmarking guidance related to forensic compliance testing,” said Jeff Morton, Partner, ACA Compliance Group. “Our hope is that both new and experienced compliance officers will gain valuable insight from this report.”

“Although the cost of compliance appears to be on the rise, most firms reported positive changes to their firm’s culture of compliance,” said Karen Barr, General Counsel, Investment Adviser Association. “The survey indicates that employees are buying in to the concept of compliance. This is due, in part, to the tone set by senior management, increased employee training, and policies and procedures that are increasingly written in plain English.”

“This year’s survey reveals that the majority of the industry now tests for insider trading,” reported Amy Yuter, Senior Compliance Officer, Old Mutual Asset Management. “This is a significant increase from prior years and may be driven in large part by an informal mandate set out by the SEC staff through its examination program. The staff has enhanced its communication mechanisms with investment adviser compliance personnel through CCO outreach, other conferences, compliance alerts, and during the examination process.”

“Once again, we were pleased by the strong response to this year’s survey,” said Cathie Saadeh, Editor, *IM Insight*. “For two years in a row, the survey has attracted over 400 respondents who are interested in knowing how their compliance program compares to those of their industry peers.”

Copies of the report may be obtained by contacting any of the organizations below. A PDF version of the report is available on-line at www.investmentadviser.org and www.acacompliancegroup.com.

ACA Compliance Group

ACA Compliance Group is a full-service compliance consulting firm committed to offering unparalleled regulatory compliance services designed to satisfy the needs of 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 not-for-profit organization that represents the interests of SEC-registered investment advisory firms. Founded in 1937, its membership today consists of about 500 firms that collectively manage in excess of \$9 trillion for a

wide variety of individual and institutional investors. For more information, please visit www.investmentadviser.org.

IM Insight

IM Insight is a weekly newsletter designed to keep lawyers and compliance officers abreast of regulatory developments and industry practices affecting SEC-registered investment advisers. For more information, please visit www.iminsightnews.com.

Old Mutual Asset Management

Old Mutual Asset Management is the name under which Old Mutual (US) Holdings Inc. (“Old Mutual”) conducts its U.S. asset management business. Old Mutual is the holding company for twenty distinct boutique firms, including asset managers that specialize in active investment strategies for institutional and individual investors. The group’s parent is Old Mutual plc. For more information, please visit www.oldmutualus.com.

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