







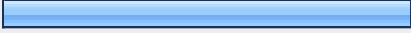
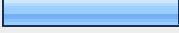


2010 Investment Management Compliance Testing Survey

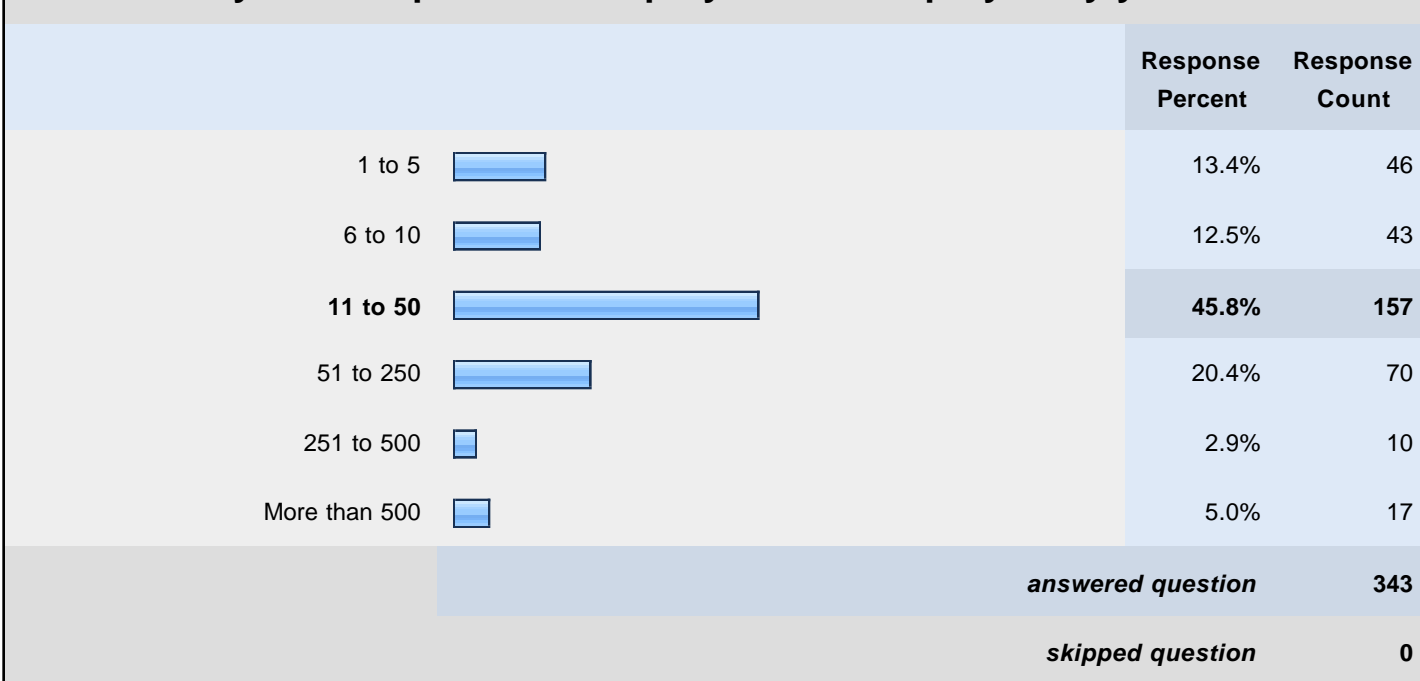
1. What is your firm's total AUM (assets under management)?

	Response Percent	Response Count
Under \$250 million. 	17.2%	59
\$250 million to \$500 million. 	14.9%	51
\$500 million to \$1 billion. 	13.4%	46
\$1 billion to \$10 billion. 	37.9%	130
\$10 billion to \$20 billion. 	5.2%	18
Over \$20 billion. 	11.4%	39
<i>answered question</i>		343
<i>skipped question</i>		0

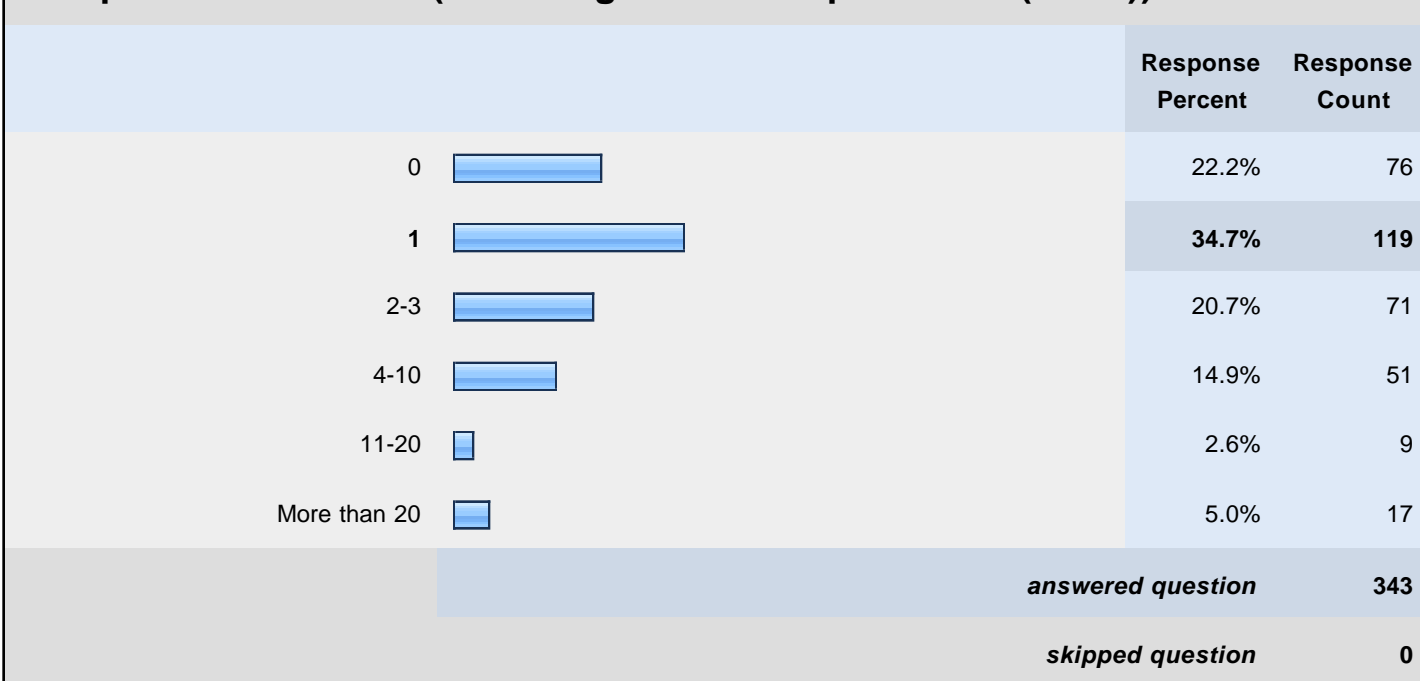
2. How would you describe your firm?

	Response Percent	Response Count
Brand new firm (less than 1 year in business). 	1.5%	5
Relatively new firm (1 to 5 years in business). 	10.5%	36
Established firm (5 to 25 years in business). 	61.8%	212
A long-timer (more than 25 years in business). 	26.2%	90
<i>answered question</i>		343
<i>skipped question</i>		0

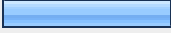
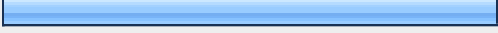
3. How many full and part-time employees are employed by your firm?





4. How many employees at your firm are engaged full-time in legal and/or compliance functions (including full-time equivalents (FTEs))?



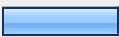


5. Does your firm's CCO perform a significant amount of non-CCO functions (e.g., by also serving as COO or CFO)?

	Response Percent	Response Count
No, our CCO solely performs CCO functions. 	25.4%	87
Yes, our CCO wears two or more hats and performs other non-CCO functions. 	74.6%	256
<i>answered question</i>		343
<i>skipped question</i>		0

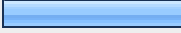



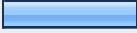
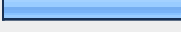
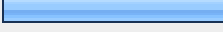
6. Does your firm produce a written annual report for its compliance program?

	Response Percent	Response Count
Yes 	79.3%	272
No 	20.7%	71
<i>answered question</i>		343
<i>skipped question</i>		0

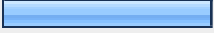




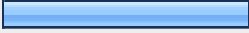

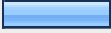
7. Have you changed the number of compliance staff during the last year?

		Response Percent	Response Count
Yes, we have increased the number of compliance staff.		16.9%	58
Yes, we have reduced the number of compliance staff.		4.1%	14
No, we have not changed the number of compliance staff.		79.0%	271
		<i>answered question</i>	343
		<i>skipped question</i>	0

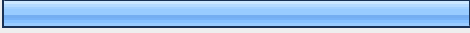





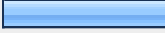




8. You indicated that you have reduced the number of compliance staff. Please indicate the reasons for this decision (select all that apply).

		Response Percent	Response Count
We have experienced a reduction in assets under management.		26.7%	4
We have simplified our investment activities.		13.3%	2
We have adopted automated solutions.		26.7%	4
We have engaged third-party service providers.		13.3%	2
We have reduced certain compliance activities (e.g., testing, reporting).		0.0%	0
Employee-specific reasons (e.g., underperformance).		20.0%	3
We had to make budgetary cuts.		26.7%	4
Not applicable (we have have not reduced the number of compliance staff).		0.0%	0
Other (Please explain).		33.3%	5
<i>answered question</i>			15
<i>skipped question</i>			328




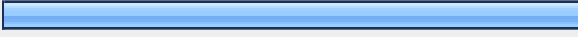

9. You indicated that you have increased the number of compliance staff. Please indicate the reasons for this decision (select all that apply).

		Response Percent	Response Count
We have experienced an increase in assets under management.		31.4%	22
We are engaging in more complex investment activities.		35.7%	25
We have terminated automated solutions.		2.9%	2
We have terminated third-party service providers.		2.9%	2
We have increased compliance activities (e.g. testing, reporting).		54.3%	38
We are concerned about the heightened regulatory environment.		37.1%	26
Not applicable (we have not increased the number of compliance staff).		12.9%	9
Other (please explain).		15.7%	11
		<i>answered question</i>	70
		<i>skipped question</i>	273

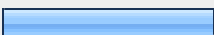
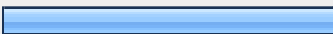
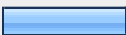
10. Select the ways in which you have custody of client assets (check all that apply):

		Response Percent	Response Count
We have authority to deduct advisory fees.		70.6%	242
We have a general power of attorney.		7.9%	27
We have check-writing authority.		7.6%	26
We physically possess client funds or securities.		1.5%	5
Our affiliate physically possesses client funds or securities in connection with advisory services we provide to clients.		7.9%	27
We act, or an affiliate (e.g., an employee) acts, as trustee and adviser to a trust (except as a result of a family or personal relationship or other exception).		17.8%	61
We serve as a general partner (or managing member) and an adviser to a pooled investment vehicle (limited partnership or limited liability company).		24.5%	84
Our affiliate serves as a general partner (or managing member) to a pooled investment vehicle (limited partnership or limited liability company) under our management.		10.8%	37
We have access to, or authority to access, client funds or securities.		14.3%	49
We do not have custody (e.g., we do not deduct advisory fees or have authority to deduct advisory fees).		16.3%	56
Other (please describe).		4.7%	16
		answered question	343

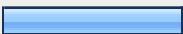
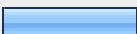

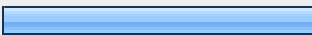
11. If you or an affiliate serves as a qualified custodian by maintaining physical custody of client assets (other than exempt assets as defined in the rule, e.g. privately offered securities), how are they maintained? (select the most applicable response)

	Response Percent	Response Count
Our clients' assets generally are maintained with an affiliated broker-dealer or affiliated bank as custodian. 	4.9%	14
Our clients' assets generally are maintained with our firm, which is a dually registered broker-dealer. 	0.3%	1
Our clients' assets generally are maintained with our firm, which is also a bank (our advisory services are provided through a separately identifiable department or division (SID) of a bank). 	1.4%	4
Not applicable (neither we nor an affiliate maintains physical custody of client assets). 	87.5%	251
Other (please describe). 	5.9%	17
answered question		287
skipped question		56




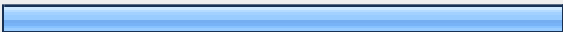

12. You indicated that your firm is deemed to have custody because your clients' assets are maintained with an affiliated bank or broker-dealer. Do you rebut or intend to rebut the presumption that the affiliate is a related person that is not operationally independent of your firm?

	Response Percent	Response Count
Yes. 	31.8%	7
No. 	50.0%	11
Not applicable. 	18.2%	4
<i>answered question</i>		22
<i>skipped question</i>		321








13. You indicated that you rebut (or intend to rebut) the presumption that your affiliate is a related person that is not operationally independent of your firm. How do you document the basis on which you have determined that you are operationally independent from your affiliate? (check all that apply)

	Response Percent	Response Count
We prepare an internal memo documenting the independence. 	26.7%	4
We hire outside counsel to prepare documentation. 	20.0%	3
We hire an outside consultant to prepare documentation.	0.0%	0
I don't know. 	13.3%	2
Other (please describe). 	46.7%	7
<i>answered question</i>		15
<i>skipped question</i>		328






14. Does your firm maintain physical custody of privately offered securities? (check all that apply)

		Response Percent	Response Count
Yes, we maintain physical custody of privately offered securities held by a pooled investment vehicle that satisfies the audit provision.		11.1%	32
Yes, we maintain physical custody of privately offered securities that are not held by a pooled investment vehicle or that are held by an unaudited pooled investment vehicle, but we are eliminating such physical possession to avoid the surprise examination requirement.		1.0%	3
Yes, we maintain physical custody of privately offered securities that are not held by a pooled investment vehicle or that are held by an unaudited pooled investment vehicle, and we will obtain a surprise examination.		2.4%	7
No.		85.0%	244
Other (please describe).		1.0%	3
answered question			287
skipped question			56

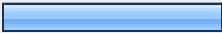



15. If you (including an employee), or an affiliate, act as trustee and adviser to a trust (except as a result of a family or personal relationship or other exception), have you ceased to, or do you plan to cease to, act as trustee for any client accounts solely to avoid the surprise examination requirement? (select the most applicable answers)

	Response Percent	Response Count
Yes. We withdrew from being a trustee for client accounts that do not fall within an exception due to the cost of the surprise exam. 	3.1%	9
Yes. We plan to withdraw from being a trustee for client accounts due to the cost of the surprise exam. 	3.8%	11
Yes. We plan to withdraw from being a trustee for our firm's 401(k) plan due to the cost of the surprise exam. 	1.7%	5
No. We started charging clients for trustee services to cover the cost of the surprise examination. 	2.8%	8
No. We have not changed our practices. 	25.4%	73
Not applicable (neither we nor an affiliate serves as trustee and adviser to a trust). 	63.4%	182
Other (please describe). 	2.8%	8
<i>answered question</i>		287
<i>skipped question</i>		56




16. If your firm has custody solely because you have authority to deduct advisory fees from your clients' advisory accounts, is your firm considering changing its fee arrangements so as to not be deemed to have custody?

		Response Percent	Response Count
No, we will continue to send the bill to the custodian to deduct the fees from the client's account.		62.7%	180
Yes, the client will instruct the custodian, as the client's agent, to determine the amount of the advisory fee based on the advisory contract and to remit the amount of the fee to us.		1.7%	5
Yes, we will directly bill clients on a monthly basis.		1.7%	5
Not applicable (we have custody for other reasons, or we do not have custody).		32.1%	92
Other (please describe).		1.7%	5
		answered question	287
		skipped question	56


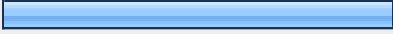
17. If you are a manager to a pooled investment vehicle with respect to which you, or an affiliate, are deemed to have custody, how are you intending to comply with the custody requirements for pooled investment vehicles?

	Response Percent	Response Count
We are going to have the pool audited and provide the financial statements to all investors within 120 days of the fund's year end (180 days for fund of funds). 	32.8%	94
We have appointed an independent representative to receive monthly/quarterly statements from the custodian and have engaged a firm to provide a surprise audit of the fund(s). 	3.1%	9
Not applicable (we are not a manager to a pooled investment vehicle with respect to which we, or an affiliate, are deemed to have custody). 	62.0%	178
Other (please describe). 	2.1%	6
<i>answered question</i>		287
<i>skipped question</i>		56


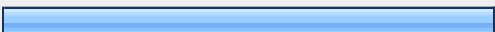

18. Are you now subject to a surprise examination requirement as a result of the revised custody rule? (select the most applicable answer)

	Response Percent	Response Count
Yes. 	27.2%	78
No. 	61.3%	176
I don't know. 	11.5%	33
<i>answered question</i>		287
<i>skipped question</i>		56


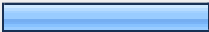
19. You indicated that your firm is subject to the annual surprise examination requirement. Have you received cost estimates for the exam from an independent public accountant(s) for those accounts over which you have custody?

	Response Percent	Response Count
No. 	41.0%	32
Yes. (Please include range of estimate and number and type of accounts covered, including a separate cost estimate for trustee accounts). 	59.0%	46
<i>answered question</i>		78
<i>skipped question</i>		265

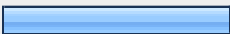


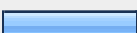



20. If you or an affiliate is subject to the internal control report requirement, what type of report will be obtained?



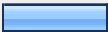



	Response Percent	Response Count
Type II SAS 70 Report (in accordance with AU Section 324, Service Organizations of the AICPA auditing standards). 	8.7%	25
AT Section 601, Compliance Attestation (in accordance with the AICPA attestation standards). 	2.1%	6
I don't know. 	13.9%	40
Not applicable (we are not subject to the internal control report requirement). 	74.6%	214
Other (please describe). 	1.7%	5
<i>answered question</i>		287
<i>skipped question</i>		56

21. Have you or your affiliate received cost estimates for the internal control report from an independent public accountant(s)?

		Response Percent	Response Count
No, we are currently seeking an accountant for the internal control report.		68.9%	51
Yes. (Please include range of estimate).		31.1%	23
<i>answered question</i>			74
<i>skipped question</i>			269





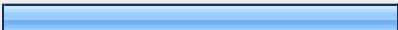



22. How do you satisfy the requirement that you have a reasonable basis, after “due inquiry,” that qualified custodians are providing clients with quarterly account statements? (check all that apply)






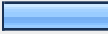


	Response Percent	Response Count
<p>The custodian mails or emails us a duplicate copy of the account statement at the same time it mails or emails the statement to the client.</p> 	34.1%	98
<p>The custodian copies us on the email notification it sends to clients that the clients' account statements are posted on the custodian's website, in addition to our having access to, and reviewing, client statements on the custodian's website.</p> 	6.3%	18
<p>The custodian sends us a notice that it has mailed or emailed our clients' account statements and has made copies available to us on the custodian's website.</p> 	13.9%	40
<p>The custodian signs an attestation, letter, notice, or other statement indicating that it sends account statements to our clients on a quarterly basis, in addition to other measures.</p> 	19.9%	57
<p>We are contacting all of our clients to monitor that they have received the statements directly from the custodian.</p> 	6.3%	18
<p>We are contacting a sample of our clients to confirm that they have received the statements directly from the custodian.</p> 	12.5%	36
<p>The custodian sends us a CD or other media with the account statements sent to clients.</p> 	14.3%	41
<p>The custodian makes custodial</p>		

<p>account statements sent to our clients available on the custodian's website, and we access and review the account statements on the custodian's website in addition to taking additional steps to determine whether account statements were sent to clients, or that clients obtained statements through the website.</p> 	30.7%	88
<p>Our affiliated custodian's SAS-70 includes an attestation or other statement indicating that it sends account statements to our clients on a quarterly basis, in addition to other measures.</p> 	4.5%	13
<p>Not applicable. We are deemed to have custody only because we are a general partner and an adviser to a GAAP-audited pooled investment vehicle(s), and therefore, we are exempt from the account statement requirement.</p> 	15.3%	44
<p>We are still working with our clients' custodians on a solution to this requirement.</p> 	10.8%	31
<p>I don't know.</p> 	4.9%	14
<p>Other (please describe).</p> 	8.4%	24
answered question		287
skipped question		56






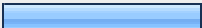
23. What written policies and procedures and/or testing have you implemented to safeguard client assets and prevent misappropriation? (check all that apply)



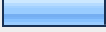

	Response Percent	Response Count
We conduct background and credit checks on employees who have access (or could acquire access) to client assets to determine whether it would be appropriate for those employees to have such access.	41.8%	120
We established segregation of employee duties since we are also the qualified custodian.	6.6%	19
We require the authorization of more than one employee before the movement of assets within, and withdrawals or transfers from, a client's account.	31.4%	90
We require the authorization of more than one employee before changes to client account ownership information, including address changes.	10.1%	29
We limit the number of employees who are permitted to interact with custodians with respect to client assets.	39.0%	112
We periodically rotate the employees who are permitted to interact with custodians with regard to client assets.	2.1%	6
We monitor and test investor withdrawals from funds for pooled investment vehicles.	10.5%	30
We limit the employees who are authorized to transmit trade orders for client accounts.	57.5%	165
We use special passwords for employees with respect to electronic trading software and	44.3%	127

systems.			
We periodically review account trading patterns to monitor for signs of unauthorized trading.		31.7%	91
We monitor employees' ability to become trustees for client accounts.		22.3%	64
We monitor employees' ability to agree to obtain powers of attorney for clients separate and apart from the firm.		16.0%	46
We review the signatory authorities on client accounts.		20.9%	60
We provide custodians with a list of employees authorized to provide instructions.		59.6%	171
We test reconciliation of account statements prepared by our firm with account statements prepared by the custodians.		47.7%	137
Our compliance department requests holdings reports directly from outside custodians and uses them to reconcile a sample of firm account statements to custodial statements, in order to provide an independent check on the regular reconciliations that are performed by the firm's portfolio managers, accounting department, or other area of the firm.		9.8%	28
We hire an independent third-party to request holdings reports directly from the outside custodians and use them to reconcile a sample of firm account statements to custodial statements, in order to provide an independent check on the regular reconciliations that are performed by the firm's portfolio managers, accounting department, or other area of the firm.		6.3%	18
We review our contracts with the			

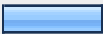




custodian(s) to ensure that proper controls are in place.		15.3%	44
We perform heightened oversight of the outside custodians (such as requesting SAS 70s or performing on-site due diligence visits).		13.9%	40
We request formal written confirmations of account balances from DTC (or other relevant securities depository) and attempt to reconcile client account balances, as reported on the books of the custodian, directly with DTC (or other relevant securities depository).		2.8%	8
We request formal written confirmations of account balances from the custodians or underlying fund managers (for fund-of-fund firms).		4.5%	13
We request formal written confirmations of account balances from our own clients.		1.4%	4
We compare, on a sample basis, client addresses obtained from the custodian with our firm's data.		15.7%	45
We are in the process of adopting additional policies and procedures in this area.		24.0%	69
Other (please describe).		5.6%	16
		answered question	287
		skipped question	56

24. If you directly debit advisory fees, what written policies and procedures and/or testing have you implemented to ensure that no inappropriate fee deductions take place? (check all that apply)

	Response Percent	Response Count
<p>We ensure the clients' assets under management (AUM) on which their advisory fee is billed is accurate and has been reconciled with the AUM reflected on the clients' custodial statement.</p> 	67.2%	193
<p>We review client contracts to determine that we bill in accordance with the terms of client contracts.</p> 	57.5%	165
<p>We reconcile invoices with deposits made by custodian(s) into our proprietary bank account to confirm that accurate fee amounts are being deducted.</p> 	37.6%	108
<p>We review our fee calculations in conjunction with our valuation policies and procedures for accounts holding hard-to-price or illiquid securities.</p> 	24.7%	71
<p>We conduct periodic testing on a sample basis of fee calculations for client accounts to determine their accuracy.</p> 	47.7%	137
<p>We conduct testing of the overall reasonableness of fees deducted from all client accounts for a period of time based on our firm's AUM.</p> 	22.6%	65
<p>We segregate duties between employees who process billing invoices or calculation of client fees that we provide to custodians to deduct fees from clients' accounts and those employees who review the invoices and fee calculations for accuracy.</p> 	29.6%	85

We segregate duties between employees who process billing invoices or calculation of client fees that we provide to custodians to deduct fees from clients' accounts and those employees who reconcile client invoices and fee calculations with deposits of advisory fees by the custodians into our proprietary bank account to confirm that accurate fee amounts were deducted.		22.6%	65
We are in the process of adopting additional policies and procedures in this area.		11.1%	32
Not applicable (we do not directly debit advisory fees).		15.0%	43
Other (please describe).		3.8%	11
answered question			287
skipped question			56


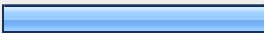
25. Have your firm's compliance costs increased as a result of the new custody rule?

		Response Percent	Response Count
Yes, they have increased significantly.		14.6%	42
Yes, they have increased slightly.		17.1%	49
No, they are about the same.		53.7%	154
No, they have decreased slightly.		0.3%	1
I'm not sure yet.		14.3%	41
answered question			287
skipped question			56






26. What types of activities does your firm participate in that could increase the risk of obtaining Material Non-Public Information (MNPI)? (check all that apply)

	Response Percent	Response Count
We go "over the wall" and knowingly obtain MNPI in the ordinary course of our investment activities.	8.7%	30
We enter into confidentiality agreements/nondisclosure agreements regarding private deals.	23.3%	80
We engage third-party industry consultants.	17.8%	61
We engage in discussions with company management.	40.5%	139
We engage in discussions with other investment managers.	29.7%	102
We use document management and delivery services (e.g., SynTrac, Intralinks, etc.).	10.8%	37
We permit our employees to serve on creditors' committees.	7.9%	27
We permit our employees to serve on boards of directors of publicly-traded companies.	12.5%	43
Our clients are insiders of publicly-traded companies.	19.0%	65
Our employees' family and/or friends are insiders of publicly-traded companies.	10.5%	36
None. We do not participate in any of these activities.	35.9%	123
We participate in other activities that may pose heightened risk of obtaining MNPI (Please explain).	1.7%	6
answered question		343


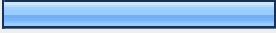


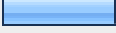




27. Does your firm test to detect insider trading?




	Response Percent	Response Count
Yes. 	60.4%	203
No. 	39.6%	133
answered question		336
skipped question		7

28. Since January 1, 2009, has your firm's insider trading testing changed?

	Response Percent	Response Count
Yes, testing has increased significantly. 	7.6%	16
Yes, testing has increased slightly. 	25.7%	54
No, testing has stayed about the same. 	65.7%	138
Yes, testing has decreased slightly. 	0.5%	1
Yes, testing has decreased significantly. 	0.5%	1
answered question		210
skipped question		133

29. How does your firm test to detect insider trading? (check all that apply)


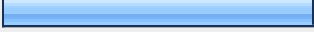



		Response Percent	Response Count
We test for trading patterns in client accounts around news stories.		24.8%	52
We test for trading patterns in personal accounts around news stories.		41.0%	86
We review circumstances surrounding unusually profitable trades in client accounts.		26.7%	56
We review circumstances surrounding unusually profitable trades in personal accounts.		25.2%	53
We review a certain percentage of the most profitable trades in client accounts over a certain time period (e.g., quarterly, semi-annually, or annually) and ensure that such trades are supported by the firm's standard investment due diligence processes.		16.7%	35
We review employees' e-mails to/from "value-added" clients and investors, such as broker-dealers, investment bankers, research analysts, consultants, lobbyists, and/or senior management of public companies.		38.6%	81
We review employees' emails to/from insider trading case defendants.		10.0%	21
We perform an insider trading risk assessment to determine how our firm or employees may become privy to material non-public information ("MNPI").		27.6%	58
We provide periodic training customized to the particular needs of the firm.		52.4%	110

We provide periodic third-party training.		10.5%	22	
We review our investments in light of the personal conflicts of our employees (e.g., spouse employed as an officer at a publicly-traded company).		38.6%	81	
Other (please describe).		13.3%	28	
			answered question	210
			skipped question	133




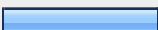




30. You indicated that your firm has significantly increased your testing of compliance with insider trading policies and procedures. Please describe. (Note: Your candid, detailed answer to this question will benefit you and your peers. The survey organizers will be selecting the most insightful responses to this question and will share them as part of the final survey.)

	Response Count
	13
	answered question
	13
	skipped question
	330



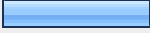

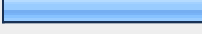
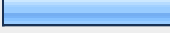
31. Has your firm adopted written policies and procedures addressing the following regulations? (select all that apply)

		Response Percent	Response Count
Regulation S-P.		78.4%	269
Massachusetts Privacy Requirements.		46.9%	161
Regulation S-AM.		15.2%	52
FTC Red Flags Rule.		22.4%	77
Other (please describe).		12.5%	43
<i>answered question</i>			343
<i>skipped question</i>			0




32. What restrictions are in place at your firm with respect to client privacy? (select all that apply):

	Response Percent	Response Count
We impose no restrictions. 	2.0%	7
We permit sharing of consumer information across affiliates. 	12.0%	41
We permit sharing of consumer information with third parties. 	7.9%	27
We restrict sharing of consumer information across affiliates. 	23.3%	80
We restrict sharing of consumer information with third parties. 	46.1%	158
We prohibit sharing of consumer information across affiliates. 	19.5%	67
We prohibit sharing of consumer information with third parties. 	39.9%	137
Other (please describe). 	9.9%	34
<i>answered question</i>		343
<i>skipped question</i>		0

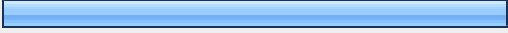
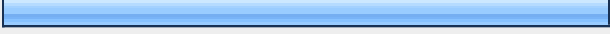

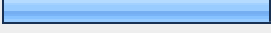

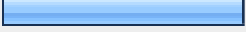
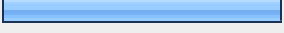
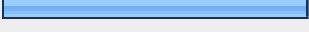
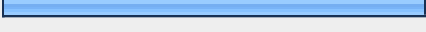
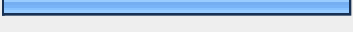


33. Is your firm using or planning to use the recently adopted Regulation S-P Model Privacy Form (Form S-P)?

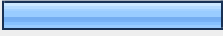
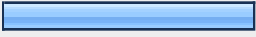

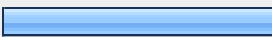
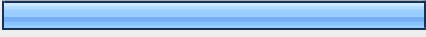
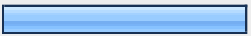

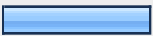
	Response Percent	Response Count
We began or will begin using Form S-P in 2010. 	8.5%	29
We will begin using Form S-P in 2011. 	5.5%	19
We do not intend to use Form S-P; instead, we will continue to use our existing privacy notice form. 	22.2%	76
We do not intend to use Form S-P; instead, we will modify our existing form to reflect the new guidance. 	8.7%	30
We are still considering what to do about Form S-P. 	30.0%	103
I don't know. 	25.1%	86
	<i>answered question</i>	343
	<i>skipped question</i>	0

34. You indicated that your firm has adopted written policies and procedures addressing the Massachusetts Privacy Requirements. Has your firm implemented, or does your firm plan to implement, similar safeguards for firm clients that are not Massachusetts residents?

		Response Percent	Response Count
Yes, we have implemented or are planning to implement similar safeguards for all firm clients, regardless of where they reside.		78.9%	127
No, we are only implementing the required safeguards for our Massachusetts clients.		11.8%	19
I don't know.		9.3%	15
<i>answered question</i>			161
<i>skipped question</i>			182

**35. What steps has your firm taken to mitigate risk in the privacy area?
(check all that apply):**

		Response Percent	Response Count
We have secure access to our offices during the workday.		76.5%	260
We have secure access to our offices during non-business hours.		92.1%	313
We keep confidential client data locked up in file cabinets.		70.9%	241
Our firm has a “clean desk” policy – no papers with confidential client data on top.		40.3%	137
We have established shredding procedures for properly disposing of consumer information.		84.7%	288
Clients have to go to our password-protected website for personal information.		36.2%	123
We periodically check copiers, faxes, conference rooms, etc. for confidential client data.		41.8%	142
We require employees to log off computers if they will be away for a period of time.		45.9%	156
Our firm computers automatically time out after a preset interval.		63.8%	217
Our firm computer passwords systematically reset at regular time intervals.		52.4%	178
Our office key passcards/codes are tested and codes for terminated employees are deactivated promptly.		58.8%	200
Computer passwords for terminated employees are deactivated promptly.		81.8%	278



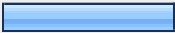

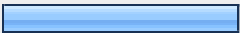



Remote access to our computer system is secure.		85.0%	289
Our firm office computers are encrypted.		32.9%	112
Our firm requires that mobile devices, such as laptops, wireless devices/PDAs (e.g., iPhone, Blackberry), flash drives, etc. are encrypted.		37.9%	129
Our third-party service providers are required to certify or make a representation in agreements with our firm that they have in place a privacy and data protection program consistent with applicable law.		52.6%	179
Our office building's janitorial services are required to certify or make a representation in agreements with our firm that they have in place a privacy and data protection program consistent with applicable law.		12.4%	42
We have adopted policies and procedures regarding reporting lost or stolen laptops, wireless devices/PDAs, and/or flash drives.		40.6%	138
We periodically train employees on privacy regulations and the firm's privacy policies and procedures.		63.8%	217
We require employees to certify compliance with the firm's privacy policies and procedures.		65.0%	221
We monitor for potential red flags that could indicate any type of privacy breach or identity theft.		36.8%	125
We keep logs of potential privacy breaches.		27.1%	92
We have procedures for potential privacy breaches.		32.1%	109
We track state regulations of data breach and privacy regulations.		22.1%	75

None of the above.		0.3%	1
Other (please describe).		1.8%	6
answered question			340
skipped question			3




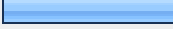







36. Has your firm adopted formal written policies and procedures governing your firm's and/or employees' use of social networking websites?





		Response Percent	Response Count
Yes		42.7%	144
No		57.3%	193
answered question			337
skipped question			6

37. Which of the following policies and procedures are generally practiced at your firm with respect to social networking websites (e.g., LinkedIn, Twitter, Facebook, YouTube, other blogs, etc.)? (select all that apply)

		Response Percent	Response Count
We impose no restrictions.		31.8%	107
We physically restrict social networking websites that employees may access from their business computers.		21.4%	72
We have a policy to limit employees from accessing social networking websites for business purposes.		25.8%	87
We permit employees to access social networking websites and have imposed restrictions on their use.		11.9%	40
We permit employees to have personal accounts on social networking websites and have imposed restrictions on their use as it relates to our firm.		35.3%	119
We have established a corporate account(s) on a social networking website(s).		5.6%	19
We have restricted our firm from establishing a corporate account on a social networking website.		14.5%	49
Other (please describe).		6.5%	22
answered question			337
skipped question			6


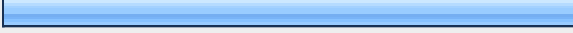

38. What policies and procedures are in place to monitor employees' personal use of social networking websites? (select all that apply)

		Response Percent	Response Count
We do no monitoring of employees' use at work.		52.5%	177
We do no monitoring of employees' use outside of work.		53.7%	181
We have developed posting guidelines.		12.5%	42
We train employees on a periodic basis on regulatory and other potential issues (e.g., privacy, intellectual property, potential litigation, etc.).		25.5%	86
We require employees to add compliance personnel as a "friend" on Facebook so we can monitor all activity.		2.4%	8
Compliance personnel monitor websites on a periodic basis.		15.7%	53
We have engaged a third-party service provider(s) to assist in monitoring employees' use of social networking websites.		1.8%	6
We require employees to obtain pre-approval for personal use of social networking websites.		3.0%	10
We require employees to disclose personal accounts on social networking websites.		3.6%	12
We require employees to pre-clear information they intend to post on social networking websites.		2.7%	9
We require employees to file information they intend to post on social networking websites.		1.5%	5
We require employees to provide			






disclosure to our firm after posting any information on a social networking website.		1.2%	4
We prohibit employees from referencing our firm's name in any postings or communications on their personal accounts.		19.9%	67
We restrict employees' use of "recommendations," chat rooms, and/or discussion rooms due to risk of potential prohibited testimonials, past specific recommendations, and/or false or misleading statements.		17.2%	58
Other (please describe).		6.8%	23
answered question			337
skipped question			6

39. If your firm has a corporate account(s) on a social networking website (s), what policies and procedures are in place to monitor the corporate account(s)? (select all that apply)

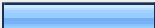



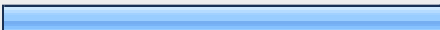
	Response Percent	Response Count
<p>We treat our profile and communications from our corporate account(s) as advertising under the Advisers Act and have the same compliance policies and procedures for our corporate account(s). <input checked="" type="checkbox"/></p>	5.6%	19
<p>We monitor for potential solicitations of advisory services and/or securities, if applicable. <input checked="" type="checkbox"/></p>	2.7%	9
<p>We restrict "recommendations," chat rooms, and/or discussion rooms due to risk of potential prohibited testimonials, past specific recommendations, and/or false or misleading statements. <input checked="" type="checkbox"/></p>	3.9%	13
<p>We comply with the books and records rule under the Advisers Act with regard to our profile, all postings, and other communications from our corporate account(s). <input checked="" type="checkbox"/></p>	4.5%	15
<p>We have developed posting guidelines for certain employees to post to our corporate account(s). <input checked="" type="checkbox"/></p>	3.0%	10
<p>We have developed supervisory procedures for monitoring our corporate account(s). <input checked="" type="checkbox"/></p>	3.3%	11
<p>We train employees on a periodic basis. <input checked="" type="checkbox"/></p>	3.6%	12
<p>We require certifications from our employees. <input checked="" type="checkbox"/></p>	2.1%	7
<p>We control what clients or potential clients can post to our corporate account(s). <input checked="" type="checkbox"/></p>	2.1%	7
<p>We have engaged a third-party</p>		

service provider(s) to assist with compliance for our corporate account(s).		0.3%	1
Not applicable (we do not have a corporate account on a social networking website).		86.6%	292
Other (please describe).		3.3%	11
answered question			337
skipped question			6

40. What records are maintained of corporate or employee social networking website postings?

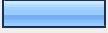

		Response Percent	Response Count
We have an automated system for retaining/archiving information posted on social networking websites.		2.1%	7
We manually download postings for retention.		4.2%	14
We track compliance reviews of postings.		7.4%	25
We do not retain postings.		77.2%	260
Other (please describe).		9.2%	31
answered question			337
skipped question			6

41. Does your firm pay third-party solicitors to solicit prospective clients? (check all that apply)








	Response Percent	Response Count
Yes, we pay third-party solicitors to solicit clients, except for government pension plans. 	22.8%	77
Yes, we pay third-party solicitors to solicit prospective clients, including government pension plans for our advisory services. 	10.1%	34
Yes, we pay third-party placement agents to obtain government pension plan clients as investors in private fund(s) that we manage. 	0.9%	3
Yes, we pay third-party professional placement agents (registered broker-dealers) to obtain government pension plan clients as investors in private fund(s) that we manage. 	1.8%	6
No. 	66.2%	223
Other (please specify).		7
answered question		337
skipped question		6

42. What policies, procedures and/or testing have you adopted for third-party solicitor relationships? (check all that apply)




	Response Percent	Response Count
We require the compliance department pre-approve all solicitation arrangements to ensure compliance with Rule 206(4)-3 cash solicitation rule requirements.	61.9%	70
We review to determine whether any solicitor used by our firm is, or has become, disqualified as defined in Rule 206(4)-3, by circulating a disciplinary event questionnaire or other means.	31.0%	35
We confirm that all solicitors have entered into a written solicitation agreement with our firm containing the requirements in Rule 206(4)-3.	72.6%	82
We obtain written representations from solicitors that the solicitors are complying with any applicable state licensing, examination and other requirements in states in which they solicit for the adviser or applicable federal registration requirements.	49.6%	56
We confirm that solicitor activities are in compliance with various state and local pay-to-play restrictions and prohibitions.	15.9%	18
We confirm that solicitor activities are in compliance with applicable international prospecting requirements.	6.2%	7
We rely on the SEC's clarification that Rule 206(4)-3 does not apply to any cash payment we may make to a person solely to compensate that person for soliciting investors or prospective investors for, or referring them to,	13.3%	15

a private investment pool we manage.			
We require arrangements to solicit investors or prospective investors in a private investment pool to comply with Rule 206(4)-3, although not technically required.		8.8%	10
We review to determine that affiliated solicitors are disclosing their affiliation with our firm to potential clients at the time they are solicited.		26.5%	30
We review to determine whether third-party solicitors are providing our Form ADV Part II and the solicitation disclosure statement, as required by Rule 206(4)-3.		37.2%	42
We review checks (or the general ledger) to see whether payments have been made to unidentified solicitors.		15.0%	17
We test solicitor expense line items on financial statements by applying solicitor compensation arrangements to appropriate client statistics such as AUM or fees paid and follow up on material discrepancies.		5.3%	6
We conduct discussions with finance personnel to determine whether payments have been made to unidentified solicitors.		12.4%	14
We train the marketing and sales departments on compliance with our policies and procedures related to solicitor arrangements.		31.9%	36
We confirm that we have received the signed acknowledgement from all clients obtained through third-party solicitors.		52.2%	59
We review our Form ADV disclosure regarding whether we, or a related person, directly or			

indirectly compensates any person for client referrals, considering all cash and non-cash compensation to ensure the material terms of any arrangement and its potential conflicts of interest are disclosed clearly.		57.5%	65
We spot-check/monitor the relationships and back-up documentation to identify any changes in the arrangements from what has been disclosed in Form ADV.		21.2%	24
We generally monitor communications between our employees and pension consultants and ensure these relationships are documented in accordance with applicable requirements.		6.2%	7
We make inquiries with a sample of our clients who are referred by a solicitor to confirm that the solicitor delivered the appropriate documents and made accurate representations.		4.4%	5
We require reporting by the solicitor of its and its employees' political contributions.		0.0%	0
We require certifications from solicitors regarding their firm's and employees' political contributions.		2.7%	3
We require solicitors to complete questionnaires regarding their firm's and employees' political contributions.		1.8%	2
We review solicitors' political contribution policies and procedures.		3.5%	4
We review solicitors' gifts/entertainment policies and procedures.		1.8%	2
We review solicitors' charitable contribution policies and procedures.		1.8%	2

We conduct on-going due diligence and/or surprise visits of solicitors.		3.5%	4
We conduct searches of public websites to collect public data on solicitors' political contributions.		2.7%	3
We require that solicitors obtain a third-party audit of applicable policies and procedures.		0.0%	0
We prohibit in our written agreement with solicitors any direct or indirect political contribution by the solicitor or its employees that is made to influence official acts, including awarding advisory services.		2.7%	3
We prohibit in our written agreement with solicitors any charitable contribution by the solicitor or its employees that is made for purpose of obtaining or retaining business.		2.7%	3
We plan to revise our policies, procedures and testing in light of the SEC's recent pay-to-play proposal and the industry focus.		36.3%	41
We do not test solicitor referral relationships.		9.7%	11
Other (please describe).		3.5%	4
answered question			113
skipped question			230

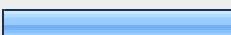
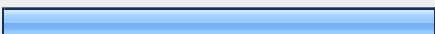
43. Does your firm invest in jurisdictions outside of the U.S.?

	Response Percent	Response Count
Yes, we invest in securities of issuers that are domiciled outside the U.S. or that are traded on a foreign exchange. 	36.9%	124
Yes, however all securities are traded on U.S. exchanges (e.g., American Depositary Receipts). 	24.4%	82
No. 	38.7%	130
<i>answered question</i>		336
<i>skipped question</i>		7

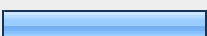
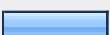

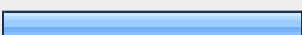
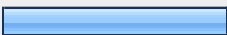

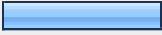

44. What compliance activities do you conduct when investing in jurisdictions outside the U.S.? (check all that apply)

	Response Percent	Response Count
We research the regulatory requirements for new jurisdictions prior to investing in a new jurisdiction.	37.4%	77
We engage U.S. outside counsel to understand regulatory requirements.	23.8%	49
We engage local counsel in the region in which we are investing to understand regulatory requirements.	25.7%	53
We file shareholder disclosure reports, as required.	22.8%	47
We coordinate shareholder disclosure reporting with affiliated companies.	9.2%	19
We file FSA takeover code reports.	10.2%	21
We impose a maximum threshold for investments outside the U.S. to avoid shareholder disclosure reporting.	17.5%	36
We have implemented a Foreign Corrupt Practices Act (FPCA) compliance program.	15.5%	32
Other (please describe).	33.5%	69
answered question		206
skipped question		137

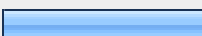
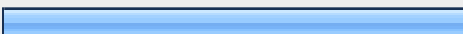
45. Does your firm prospect advisory clients outside of the U.S.?

		Response Percent	Response Count
Yes		34.5%	116
No		65.5%	220
<i>answered question</i>			336
<i>skipped question</i>			7

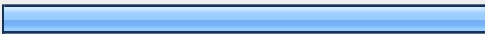
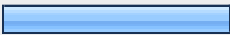
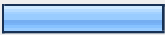

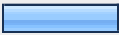

46. What compliance activities do you conduct with respect to foreign client prospecting? (check all that apply)

		Response Percent	Response Count
We maintain a tracking system for monitoring foreign prospecting.		30.4%	35
We spot check accounts for compliance.		15.7%	18
We have a third-party database(s) to assist with compliance.		12.2%	14
We check with our outside counsel prior to prospecting in a new region.		45.2%	52
We check with counsel located locally in the jurisdiction prior to prospecting in a new region.		33.9%	39
We have implemented a Foreign Corrupt Practices Act (FPCA) compliance program.		28.7%	33
We do not conduct testing prior to foreign prospecting.		23.5%	27
Other (please describe).		11.3%	13
<i>answered question</i>			115
<i>skipped question</i>			228


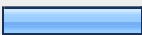
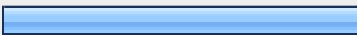
47. Does your firm provide advisory services outside of the U.S.?

		Response Percent	Response Count
Yes		30.1%	101
No		69.9%	235
<i>answered question</i>			336
<i>skipped question</i>			7


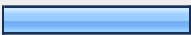



48. In what region(s) do you provide advisory services? (check all that apply)

		Response Percent	Response Count
Europe		73.0%	73
Asia		34.0%	34
Japan		24.0%	24
Canada		45.0%	45
South America		17.0%	17
Other (please specify).		14.0%	14
<i>answered question</i>			100
<i>skipped question</i>			243

49. Does your firm currently have a formal, firm-wide “risk management program” with a designated Chief Risk Officer (CRO) or an individual acting in a similar capacity? (Note: this would be broader than the general risk assessment conducted through your firm’s compliance program.)

	Response Percent	Response Count
Yes. 	25.6%	86
No, but we are considering it. 	20.8%	70
No, and we are not planning to. 	53.6%	180
<i>answered question</i>		336
<i>skipped question</i>		7


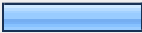



50. Since January 1, 2009, has your firm’s testing of portfolio management/client investment guidelines changed?

	Response Percent	Response Count
Yes, testing has increased significantly. 	12.5%	42
Yes, testing has increased slightly. 	28.0%	94
No, testing has stayed about the same. 	49.4%	166
Yes, testing has decreased slightly. 	1.2%	4
Yes, testing has decreased significantly.	0.0%	0
Not applicable. (We do not specifically test portfolio management/client investment guidelines). 	8.9%	30
<i>answered question</i>		336
<i>skipped question</i>		7

51. You indicated that your firm has significantly increased your testing of portfolio management/client investment guidelines. Please describe. (Note: Your candid, detailed answer to this question will benefit you and your peers. The survey organizers will be selecting the most insightful responses to this question and will share them as part of the final survey.)

	Response Count
	39
<i>answered question</i>	39
<i>skipped question</i>	304



52. Since January 1, 2009, has your firm's testing of advertising/marketing changed?

	Response Percent	Response Count
Yes, testing has increased significantly. 	7.1%	24
Yes, testing has increased slightly. 	20.8%	70
No, testing has stayed about the same. 	57.7%	194
Yes, testing has decreased slightly. 	0.3%	1
Yes, testing has decreased significantly.	0.0%	0
Not applicable. We do not specifically test advertising/marketing. 	14.0%	47
<i>answered question</i>		336
<i>skipped question</i>		7

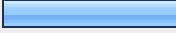










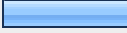
53. You indicated that your firm has significantly increased your testing of advertising/marketing. Please describe. (Note: Your candid, detailed answer to this question will benefit you and your peers. The survey organizers will be selecting the most insightful responses to this question and will share them as part of the final survey.)






	Response Count
	24
<i>answered question</i>	24
<i>skipped question</i>	319

54. Does your firm have policies and procedures on political contributions?


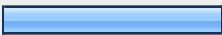

	Response Percent	Response Count
Yes 	48.7%	163
No 	51.3%	172
<i>answered question</i>		335
<i>skipped question</i>		8

55. What policies and procedures and/or testing have you adopted for political contributions? (check all that apply)

		Response Percent	Response Count
Our policy prohibits our firm from making political contributions.		26.1%	42
Our policy prohibits our employees from making political contributions to officials related to clients or potential clients.		28.6%	46
Our policy prohibits our employees from making political contributions unless the employee is able to vote for the official.		10.6%	17
Our policy prohibits our firm or employees from making political contributions to obtain or retain clients.		41.0%	66
Our policy permits personal contributions but prohibits corporate reimbursement.		24.2%	39
We have a policy related to specific states and localities.		5.0%	8
We require pre-clearance of political contributions to officials for whom the employee cannot vote.		11.8%	19
We require pre-clearance of political contributions to officials of clients or potential clients.		8.1%	13
We require pre-clearance of political contributions over a certain dollar amount.		11.2%	18
We require pre-clearance of all political contributions.		16.1%	26
We require reporting of political contributions to officials related to clients or potential clients.		18.0%	29
We limit the dollar amount of all		18.6%	30

		Response Percent	Response Count
We limit the dollar amount of certain political contributions, depending on the official or the state/locality.		5.0%	8
We require reporting of all political contributions over a certain dollar amount related to certain officials.		11.8%	19
We require certifications from employees or prospective employees.		13.7%	22
We conduct searches of public websites to collect public data on employees' political contributions.		5.0%	8
Other (please describe)		5.6%	9
		answered question	161
		skipped question	182

56. If your firm has political contribution policies and procedures, are they contained in your code of ethics?

		Response Percent	Response Count
Yes, the political contribution policies and procedures are included in our code of ethics.		55.3%	89
Yes, the political contribution policies are included in our code of ethics, and the political contribution procedures are stand-alone procedures.		6.2%	10
No, they are stand-alone policies and procedures.		32.9%	53
Not applicable (we do not have political contribution policies and procedures).		5.6%	9
		answered question	161
		skipped question	182

57. Which of the following areas do you view as the “hottest” compliance topics? (select only three!)

		Response Percent	Response Count
Advertising/marketing		26.7%	87
AML		4.0%	13
Best execution		12.9%	42
Books and records		8.3%	27
Client guidelines		8.9%	29
Custody		55.5%	181
Data security/privacy		41.1%	134
Disaster recovery planning		10.1%	33
Error correction		2.5%	8
Fraud prevention		19.9%	65
Gifts and entertainment		6.7%	22
Insider trading		18.4%	60
Personal trading		13.2%	43
Portfolio management		9.2%	30
Proxy voting		1.5%	5
Side-by-side management		3.4%	11
Regulatory reporting (e.g. Form ADV)		12.0%	39
Rumors/market manipulation		4.6%	15
Short selling		2.8%	9
Soft dollars		2.8%	9
Trade allocation		4.9%	16
Valuation		19.6%	64
Other		1.2%	4

	<i>answered question</i>	326
	<i>skipped question</i>	17