







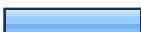





2012 Investment Management Compliance Testing Survey





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

		Response Percent	Response Count
Under \$500 million		23.2%	129
\$500 million to \$1 billion		13.3%	74
\$1 billion to \$10 billion		39.1%	217
\$10 billion to \$20 billion		8.5%	47
Over \$20 billion		15.9%	88
answered question			555
skipped question			0





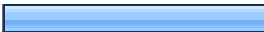

2. How many full and part time employees does your firm employ?

		Response Percent	Response Count
1 to 5		7.4%	41
6 to 10		14.8%	82
11 to 50		45.9%	255
51 to 250		20.4%	113
251 to 500		3.6%	20
501 to 1,000		2.3%	13
More than 1,000		5.6%	31
answered question			555
skipped question			0







3. How would you describe your firm?

		Response Percent	Response Count
Brand new firm (less than 1 year in business).		2.3%	13
Relatively new firm (1 to 5 years in business).		14.2%	79
Established firm (5 to 25 years in business).		54.2%	301
A long-timer (more than 25 years in business).		29.2%	162
		answered question	555
		skipped question	0



4. What are the primary services offered at your firm? (check all that apply)

		Response Percent	Response Count
Investment adviser to a registered investment company.		36.0%	200
Investment adviser to high net worth individuals (typical account size \$1mm or more).		47.4%	263
Investment adviser to retail individuals (typical account size \$1mm or less).		18.4%	102
Investment adviser to family office.		10.1%	56
Investment adviser to ERISA assets/pension consultant.		39.1%	217
Investment adviser to a private fund (e.g., private partnership, hedge fund, private equity fund).		55.7%	309
		answered question	555
		skipped question	0








5. How many full time employees are currently employed in your firm's legal and/or compliance departments?

		Response Percent	Response Count
0		6.0%	33
1		37.1%	203
2 to 5		37.8%	207
6 to 10		7.1%	39
11 to 20		5.3%	29
Over 20		6.6%	36
answered question			547
skipped question			8

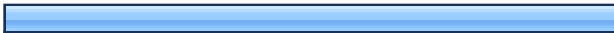








6. Does your firm's CCO perform non-CCO functions (for example, by also serving as your firm's COO or CFO)?

		Response Percent	Response Count
No, our CCO is solely a CCO.		32.7%	179
Yes, our CCO wears two or more hats and performs other non-CCO roles.		67.3%	368
answered question			547
skipped question			8




7. How does your firm demonstrate that you have developed and promote a culture of compliance: (check all that apply)

		Response Percent	Response Count
The CEO or President is immediately apprised of material compliance issues/breaches.		75.0%	410
The CCO is one of the most senior executives.		66.7%	365
The firm conducts annual (or more frequent) employee compliance training.		82.6%	452
Senior management participates in SEC inspections, such as by participating in the opening interview.		59.8%	327
The CCO or other compliance personnel attend various committee meetings (such as best execution committee meetings).		77.1%	422
The CCO reports directly to the CEO or President.		66.0%	361
The CCO meets periodically with the CEO or President to discuss compliance issues and initiatives.		74.6%	408
		answered question	547
		skipped question	8




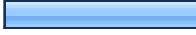








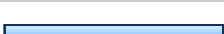







8. What constituencies receive notification of the results or a copy of any report produced as a result of the annual review? (check all that apply)





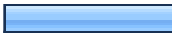


		Response Percent	Response Count
Senior management		92.1%	504
Corporate board of directors		31.4%	172
Outside counsel		15.5%	85
Clients or investors		10.2%	56
Third-party consultants		11.9%	65
Advisers, sub-advisers, and/or wrap sponsors		7.7%	42
Third-party service providers		1.6%	9
Mutual fund board		20.8%	114
Other (please explain):		7.1%	39
		answered question	547
		skipped question	8

9. Over the previous year, has your compliance testing detected any issues?

		Response Percent	Response Count
Yes, we detected material compliance issues.		7.3%	39
Yes, we detected compliance issues, none of which we deemed to be material.		70.5%	378
No, we did not detect any compliance issues.		22.2%	119
answered question			536
skipped question			19





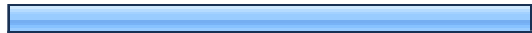

10. In which of the following areas have you increased the type, scope, and/or frequency of compliance testing (since January 1, 2011)? (check all that apply)

		Response Percent	Response Count
Advertising/marketing		42.9%	230
AML		17.0%	91
Best execution		34.3%	184
Books and records		28.7%	154
Client guidelines		23.7%	127
Cross trades and other trading issues		15.5%	83
Custody		25.4%	136
Data security/privacy/identity theft		28.0%	150
Disaster recovery planning		31.2%	167
Error correction		14.6%	78
Fraud prevention		8.0%	43
Gifts and entertainment		28.9%	155
Insider trading/expert networks		32.8%	176
Personal trading		38.6%	207
Political contributions/Pay-to-play		47.6%	255
Portfolio management		17.7%	95
Proxy voting		16.6%	89
Side-by-side management		6.9%	37
Social media		37.5%	201
Regulatory reporting (e.g. Form ADV, Form 13F)		31.7%	170


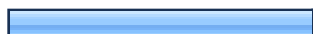
Rumors/market manipulation		3.2%	17
Short selling		5.0%	27
Soft dollars		13.2%	71
Trade allocation		21.1%	113
Valuation		25.2%	135
None		7.3%	39
Other area(s) (please specify):		4.5%	24
answered question			536
skipped question			19

11. In which of the following areas have you decreased the type, scope, and/or frequency of compliance testing (since January 1, 2011)? (check all that apply)



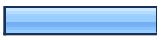









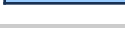



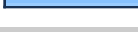




		Response Percent	Response Count
Advertising/marketing	<input type="checkbox"/>	2.1%	11
AML	<input type="checkbox"/>	4.1%	22
Best execution	<input type="checkbox"/>	1.7%	9
Books and records	<input type="checkbox"/>	2.2%	12
Client guidelines	<input type="checkbox"/>	0.6%	3
Cross trades and other trading issues	<input type="checkbox"/>	3.0%	16
Custody	<input type="checkbox"/>	4.1%	22
Data security/privacy/identity theft	<input type="checkbox"/>	0.7%	4
Disaster recovery planning	<input type="checkbox"/>	3.0%	16
Error correction	<input type="checkbox"/>	1.3%	7
Fraud prevention	<input type="checkbox"/>	0.4%	2
Gifts and entertainment	<input type="checkbox"/>	2.2%	12
Insider trading/expert networks	<input type="checkbox"/>	1.3%	7
Personal trading	<input type="checkbox"/>	1.5%	8
Political contributions/Pay-to-play	<input type="checkbox"/>	1.3%	7
Portfolio management	<input type="checkbox"/>	0.7%	4
Proxy voting	<input type="checkbox"/>	3.7%	20
Side-by-side management	<input type="checkbox"/>	2.4%	13
Social media	<input type="checkbox"/>	1.5%	8
Regulatory reporting (e.g. Form ADV, Form 13F)	<input type="checkbox"/>	0.6%	3
Rumors/market manipulation	<input type="checkbox"/>	1.7%	9

Short selling		2.2%	12
Soft dollars		3.7%	20
Trade allocation		1.3%	7
Valuation		1.9%	10
None		78.7%	422
Other area(s) (please specify):		2.1%	11
answered question			536
skipped question			19

12. Do you use automated/electronic compliance systems?

		Response Percent	Response Count
Yes		54.3%	291
No		45.7%	245
answered question			536
skipped question			19

13. You have indicated that you use automated/electronic compliance systems. In what areas do you use these systems? (check all that apply)

		Response Percent	Response Count
Advertising/marketing		15.5%	45
AML		13.4%	39
Best execution		22.8%	66
Books and records		19.0%	55
Client guidelines		41.7%	121
Cross trades and other trading issues		17.2%	50
Custody		4.1%	12
Data security/privacy/identity theft		14.8%	43
Disaster recovery planning		12.4%	36
Error correction		6.6%	19
Fraud prevention		3.8%	11
Gifts and entertainment		33.4%	97
Insider trading/expert networks		17.2%	50
Personal trading		67.9%	197
Political contributions/Pay-to-play		31.4%	91
Portfolio management		31.4%	91
Proxy voting		19.7%	57
Side-by-side management		6.9%	20
Social media		9.0%	26
Regulatory reporting (e.g. Form ADV, Form 13F)		13.1%	38
Rumors/market manipulation		3.4%	10

Short selling	<input type="checkbox"/>	7.2%	21
Soft dollars	<input type="checkbox"/>	4.8%	14
Trade allocation	<input type="checkbox"/>	28.3%	82
Valuation	<input type="checkbox"/>	7.6%	22
Other area(s) (please specify):	<input type="checkbox"/>	10.0%	29
answered question			290
skipped question			265




14. In which of the following areas do you find automated/electronic compliance systems the most useful (Please pick only three!)

		Response Percent	Response Count
Advertising/marketing		5.7%	16
AML		6.4%	18
Best execution		11.0%	31
Books and records		6.0%	17
Client guidelines		36.3%	102
Cross trades and other trading issues		5.7%	16
Custody		0.7%	2
Data security/privacy/identity theft		4.3%	12
Disaster recovery planning		1.8%	5
Error correction		1.8%	5
Fraud prevention		1.8%	5
Gifts and entertainment		12.1%	34
Insider trading/expert networks		8.5%	24
Personal trading		61.6%	173
Political contributions/Pay-to-play		11.4%	32
Portfolio management		16.7%	47
Proxy voting		7.8%	22
Side-by-side management		1.4%	4
Social media		3.2%	9
Regulatory reporting (e.g. Form ADV, Form 13F)		3.2%	9
Rumors/market manipulation		0.7%	2




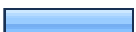
Short selling	<input type="checkbox"/>	1.4%	4
Soft dollars	<input type="checkbox"/>	1.1%	3
Trade allocation	<input type="checkbox"/>	14.2%	40
Valuation	<input type="checkbox"/>	2.1%	6
Other area(s) (please specify):	<input type="checkbox"/>	6.4%	18
answered question			281
skipped question			274

15. In which of the following areas have you discontinued the use of automated/electronic compliance systems? (Please check all that apply and explain reason(s) for discontinuing in the comment box below):

		Response Percent	Response Count
Advertising/marketing		0.0%	0
AML		0.0%	0
Best execution		0.0%	0
Books and records	▮	0.7%	2
Client guidelines		0.0%	0
Cross trades and other trading issues		0.0%	0
Custody		0.0%	0
Data security/privacy/identity theft		0.0%	0
Disaster recovery planning		0.0%	0
Error correction		0.0%	0
Fraud prevention		0.0%	0
Gifts and entertainment		0.0%	0
Insider trading/expert networks		0.0%	0
Personal trading		0.0%	0
Political contributions/Pay-to-play		0.0%	0
Portfolio management	▮	0.3%	1
Proxy voting		0.0%	0
Side-by-side management		0.0%	0
Social media	▮	0.3%	1
Regulatory reporting (e.g. Form ADV, Form 13F)		0.0%	0

Rumors/market manipulation		0.0%	0
Short selling		0.0%	0
Soft dollars		0.0%	0
Trade allocation		0.0%	0
Valuation		0.3%	1
None		98.3%	283
Other area(s) (please specify):		0.7%	2
answered question			288
skipped question			267





16. You have indicated that you do not use automated/electronic compliance systems. Why have you elected not to use such systems (check all that apply):

		Response Percent	Response Count
Cost issues		56.9%	141
Systems limitations		10.5%	26
Do not fit the firm's business		48.0%	119
Other (please specify):		19.0%	47
answered question			248
skipped question			307



17. If you permit firm/employee use of social media for business purposes, what types of activities are permitted/engaged in by your firm? (check all that apply)

		Response Percent	Response Count
LinkedIn for employees.		39.9%	212
LinkedIn for the firm.		14.1%	75
Twitter for employees.		8.7%	46
Twitter for the firm.		7.3%	39
Facebook for employees.		12.4%	66
Facebook for the firm.		7.3%	39
YouTube for employees.		5.3%	28
YouTube for the firm.		4.1%	22
Blogs for employees.		5.1%	27
Blogs for the firm.		4.1%	22
Other for employees (please describe below).		0.9%	5
Other for the firm (please describe below).		0.8%	4
Other (please describe below).		2.3%	12
We do not permit the use of social media for business purposes.		54.2%	288
	Other (please specify).		34
answered question			531
skipped question			24







18. Does your firm have a social media policy?

		Response Percent	Response Count
Yes, we have a written stand-alone social media policy.		28.2%	150
Yes, we have social media policies included in other written policies and procedures.		52.0%	276
Yes, we have an informal unwritten social media policy.		10.2%	54
No.		9.6%	51
answered question			531
skipped question			24





19. Does your firm test compliance with your firm's social media policy?

		Response Percent	Response Count
Yes.		54.1%	259
No.		45.9%	220
answered question			479
skipped question			76

20. As a general matter, how often do you test social media compliance?

		Response Percent	Response Count
Annually.		31.3%	81
Semi-annually.		16.2%	42
Quarterly.		24.3%	63
Monthly.		8.9%	23
Daily.		6.6%	17
Other (please describe).		12.7%	33
		answered question	259
		skipped question	296

21. Since January 1, 2011, has your firm's social media testing changed?

		Response Percent	Response Count
Yes, testing has increased significantly.		20.1%	52
Yes, testing has increased slightly.		31.7%	82
No, testing has stayed about the same.		47.5%	123
Yes, testing has decreased slightly.		0.8%	2
Yes, testing has decreased significantly.		0.0%	0
		answered question	259
		skipped question	296




22. You indicated that your firm has significantly increased your testing of compliance with your firm’s social media policy. Please describe. (Note: Your candid, detailed answer to this question will benefit you and our 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
	53
answered question	53
skipped question	502





23. You indicated that your firm has significantly decreased your testing of compliance with your firm’s social media policy. Please describe. (Note: Your candid, detailed answer to this question will benefit you and our 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
	0
answered question	0
skipped question	555






24. Has your firm instituted an independent hotline for anonymous reporting by employees?

		Response Percent	Response Count
Yes.		22.1%	117
We are in the process of instituting.		1.7%	9
No.		76.2%	403
	answered question		529
	skipped question		26

25. Does your firm have a whistleblowing policy?

		Response Percent	Response Count
Yes, we have a written stand-alone whistleblowing policy.		17.4%	92
Yes, we have whistleblowing policies included in other written policies and procedures.		41.4%	219
Yes, we have an informal unwritten whistleblowing policy.		8.3%	44
No.		32.9%	174
answered question			529
skipped question			26





26. Since January 1, 2011, has your firm's whistleblowing policy changed?

		Response Percent	Response Count
Yes, we have adopted a new policy.		12.6%	45
Yes, our existing policy has changed significantly.		2.8%	10
Yes, our existing policy changed slightly.		17.6%	63
No, our existing policy has stayed about the same.		63.9%	228
No, but we are in the process of instituting a policy.		3.1%	11
answered question			357
skipped question			198




27. You indicated that your firm has adopted a new whistleblowing policy or significantly changed its whistleblowing policy. 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
	54
answered question	54
skipped question	501



28. Does your firm have a gifts and entertainment policy?

		Response Percent	Response Count
Yes, we have a written stand-alone gifts and entertainment policy.		26.8%	142
Yes, we have gifts and entertainment policies included in other written policies and procedures.		66.9%	354
Yes, we have an informal unwritten gifts and entertainment policy.		1.9%	10
No.		4.3%	23
	answered question		529
	skipped question		26

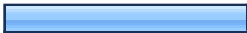





29. Since January 1, 2011, have your firm's gifts and entertainment policies changed?

		Response Percent	Response Count
Yes, we have changed (or are in the process of changing) our policy primarily in response to requests from clients/prospects.		3.2%	16
Yes, we changed (or are in the process of changing) our policy primarily following an internal evaluation of our policy.		22.2%	112
No, we have not changed our policies.		74.7%	377
		answered question	505
		skipped question	50


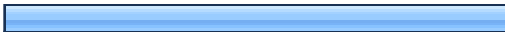
30. Does your firm test for compliance with its gifts and entertainment policy?

		Response Percent	Response Count
Yes.		60.4%	305
No.		39.6%	200
		answered question	505
		skipped question	50

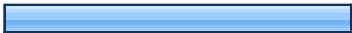

31. As a general matter, how often do you test for compliance with gifts and entertainment policies?

		Response Percent	Response Count
Annually.		36.2%	110
Semi-annually.		8.9%	27
Quarterly.		39.8%	121
Monthly.		6.9%	21
Daily.		2.6%	8
Other (please describe).		5.6%	17
		answered question	304
		skipped question	251






32. Does your firm obtain and review gifts and entertainment policies of your clients for compliance purposes? (i.e., government and union plans)

		Response Percent	Response Count
Yes.		24.7%	130
No.		75.3%	396
		answered question	526
		skipped question	29

33. Do you conduct testing on your firm's compliance with the gifts and entertainment policies of your clients?

		Response Percent	Response Count
Yes.		52.0%	66
No.		48.0%	61
answered question			127
skipped question			428



34. Since January 1, 2011, have your firm's gifts and entertainment testing practices changed?

		Response Percent	Response Count
Yes, testing has increased significantly.		5.0%	26
Yes, testing has increased slightly.		8.8%	46
No, testing has stayed about the same.		85.4%	446
Yes, testing has decreased slightly.		0.4%	2
Yes, testing has decreased significantly.		0.4%	2
answered question			522
skipped question			33







35. You indicated that your firm has significantly increased your testing of compliance with gifts and entertainment 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
	27
answered question	27
skipped question	528





36. Does your firm test to detect insider trading?

		Response Percent	Response Count
Yes.		74.3%	388
No.		25.7%	134
	answered question		522
	skipped question		33

37. As a general matter, how often do you test to detect insider trading?

		Response Percent	Response Count
Annually.		9.9%	38
Semi-annually.		4.2%	16
Quarterly.		43.6%	168
Monthly.		17.7%	68
Daily.		16.4%	63
Other (please describe).		8.3%	32
		answered question	385
		skipped question	170









38. Since January 1, 2011, has your firm's insider trading testing changed?

		Response Percent	Response Count
Yes, testing has increased significantly.		11.7%	45
Yes, testing has increased slightly.		19.7%	76
No, testing has stayed about the same.		67.5%	260
Yes, testing has decreased slightly.		1.0%	4
Yes, testing has decreased significantly.		0.0%	0
		answered question	385
		skipped question	170

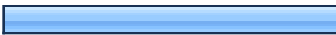








39. You indicated that your firm has significantly increased your testing of compliance with insider trading policies and procedures. Please describe. (Note: Your candid, detailed answer to this question will benefit you and your peers. The survey organizers will be selecting the most insightful responses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



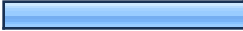





	Response Count
	46
answered question	46
skipped question	509

40. How do you test your performance calculations and presentations? (check all that apply)





		Response Percent	Response Count
We review performance for high dispersion relative to an index or benchmark to detect errors.		27.6%	140
We review performance for high dispersion relative to similarly-managed accounts to detect errors.		35.6%	181
On an account-by-account basis, we review performance changes between periods to detect errors.		27.8%	141
We utilize attribution analysis reports to determine if any calculation errors may have occurred.		18.5%	94
We confirm that the use of related performance (earned at another firm or earned by other individuals) conforms to SEC regulatory practice.		15.0%	76
We confirm that the performance of specific holdings/past recommendations are not included in materials unless the presentation is in compliance with the Investment Advisers Act or relevant no action relief.		41.3%	210
We confirm that performance presentations are presented net of fees unless in one-on-one presentations and then we confirm that the one-on-one presentation is in compliance with relevant no action relief.		55.1%	280
We confirm that disclosures required by the Investment Advisers Act and relevant no action relief are included in appropriate font, location and		55.3%	281

prominence.

We confirm that consistent periods and benchmarks are included in marketing materials overtime to detect cherry picking.		50.2%	255
We review our performance composites for inclusion of similarly managed, fee paying, discretionary accounts in composites.		34.3%	174
We review our performance composites for inclusion/exclusion of new/terminated accounts in compliance with our policies and procedures.		33.1%	168
We further review our performance composites to detect violations of our policies and procedures (e.g., GIPS policies).		28.1%	143
We review compliance with our firm's policies and procedures (e.g., GIPS policies).		45.7%	232
We confirm that our performance presentations are sent out at least annually to prospects/databases.		24.4%	124
We sample marketing materials periodically to confirm that accurate performance figures are being used and that all necessary disclosures are included.		45.7%	232
We sample client/prospect correspondence (written and email) to confirm that accurate performance figures are being used and that all necessary disclosures are included.		32.7%	166
We sample RFP and database responses to confirm that accurate performance figures are being used and that all necessary disclosures are included.		30.9%	157

We confirm that required back-up documentation is retained.		52.4%	266
We have instituted a committee for the purpose of reviewing performance calculations.		9.8%	50
We have a second individual within our firm, other than the preparer of performance, review the accuracy of the performance figures.		36.0%	183
We retain a third-party firm to prepare or review our performance calculations.		30.5%	155
We use an automated performance management system that produces exception reports.		9.6%	49
We do not test performance calculations or presentations.		3.1%	16
Not applicable. We do not use performance advertising.		15.6%	79
Other (please describe).		3.5%	18
answered question			508
skipped question			47

41. Since January 1, 2011, has your firm's testing of performance advertising changed?

		Response Percent	Response Count
Yes, testing has increased significantly.		5.1%	21
Yes, testing has increased slightly.		22.8%	94
No, testing has stayed about the same.		69.0%	285
Yes, testing has decreased slightly.		0.0%	0
Yes, testing has decreased significantly.		0.0%	0
Not applicable. We do not specifically test performance advertising.		3.1%	13
		answered question	413
		skipped question	142

42. You indicated that your firm has significantly increased your testing of performance advertising. 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
	20
answered question	20
skipped question	535






43. Do you claim compliance with GIPS?

		Response Percent	Response Count
Yes.		43.2%	185
No.		56.8%	243
		answered question	428
		skipped question	127





44. Do you engage a third-party to verify your GIPS performance presentations?

		Response Percent	Response Count
Yes, we engage a GIPS verifier to perform a firm verification only.		17.9%	33
Yes, we engage a GIPS verifier to perform a firm verification and a performance review of certain of our composites.		67.4%	124
No, we previously engaged a GIPS verifier but no longer engage a verifier.		3.8%	7
No, but we plan to engage a GIPS verifier.		3.3%	6
No, we have not engaged a verifier nor do we plan to engage one.		7.6%	14
		answered question	184
		skipped question	371

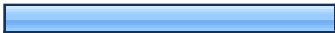




45. How often do you engage a third-party GIPS verifier?

		Response Percent	Response Count
Quarterly.		46.8%	73
Annually.		42.9%	67
Semi-annually.		3.2%	5
Bi-annually.		3.2%	5
Other (please describe).		3.8%	6
		answered question	156
		skipped question	399



46. Do you engage any third-party to verify your firm's performance presentations?

		Response Percent	Response Count
Yes, we engage a third-party to verify our firm's performance presentations.		30.8%	131
No, we previously engaged a third-party verifier but no longer engage a verifier.		3.5%	15
No, but we plan to engage a third-party verifier.		3.3%	14
No, we have not engaged a third-party verifier nor do we plan to engage one.		62.4%	265
		answered question	425
		skipped question	130

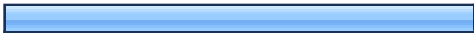


















47. How often do you engage a third-party verifier?

		Response Percent	Response Count
Quarterly.		49.6%	65
Annually.		32.8%	43
Semi-annually.		3.1%	4
Bi-annually.		3.8%	5
Other (please describe).		10.7%	14
		answered question	131
		skipped question	424











48. Does your firm engage third-party service providers?

		Response Percent	Response Count
Yes.		91.0%	457
No.		9.0%	45
		answered question	502
		skipped question	53

49. You indicated that your firm utilizes third-party service providers. Which type of service providers does your firm use: (check all that apply)

		Response Percent	Response Count
Independent Qualified Custodians		70.4%	321
Email Archival Vendor		80.5%	367
Order Management System Vendor		48.0%	219
Portfolio/Client Accounting Software Vendor		57.0%	260
Firm Accounting Software Vendor		39.7%	181
Accounting Firm		62.7%	286
Administrator		47.6%	217
Attorneys		84.9%	387
Auditors		75.4%	344
Information Technology Companies (hardware and network management)		65.1%	297
Disaster Recovery Planning Vendor		26.3%	120
Investment Research Consultants		21.5%	98
Compliance Consultants		54.4%	248
Prime Brokers		42.3%	193
Books and Records Storage/Management Vendors		48.0%	219
Marketers		13.6%	62
Social Media Vendors		3.7%	17
Pricing Vendors		40.4%	184
Other (please explain).		7.2%	33
answered question			456

50. How does your firm conduct oversight of its third-party service providers? (check all that apply)

		Response Percent	Response Count
We conduct an initial due diligence.		82.9%	378
We conduct onsite visits on a periodic basis.		33.6%	153
We engage a third-party to conduct due diligence.		2.9%	13
We conduct teleconferences on a periodic basis.		25.4%	116
We require periodic reporting/questionnaires (please explain below).		18.9%	86
We oversee through regular interaction but do not conduct a focused review.		51.1%	233
We review all contracts annually.		20.8%	95
We designate employees responsible for managing each relationship.		39.0%	178
We conduct periodic testing (e.g., business continuity, compliance with contractual representations, etc.)		29.4%	134
Other (please explain below).		4.6%	21

Further explanation.

39

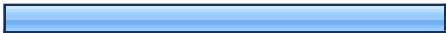










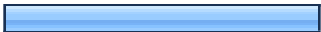

answered question

456



skipped question

99

51. What types of information do you request from the third-party service provider as part of your due diligence? (check all that apply)

		Response Percent	Response Count
Privacy policies.		66.1%	300
Confidentiality agreements.		67.0%	304
Disaster recovery plans.		59.7%	271
Exception reporting (please specify below).		8.1%	37
Company Financials.		31.1%	141
References from other customers.		41.2%	187
Background checks of employees.		8.8%	40
Current Litigation.		25.8%	117
Regulatory history.		33.5%	152
Criminal history.		16.3%	74
Complaints.		18.3%	83
Internal control reports (e.g., SSAE 16).		47.1%	214
Other (please explain below).		5.7%	26
	Further explanation.		39
answered question			454
skipped question			101






52. Do you require periodic certifications from any service providers?

		Response Percent	Response Count
Yes.		26.4%	120
No.		73.6%	334
answered question			454
skipped question			101









53. You indicated that you require periodic certifications from service providers. Please explain:

	Response Count
	122
answered question	122
skipped question	433











54. Has your firm adopted a policy to address pay-to-play? (Please respond “Yes” even if your only policy is a flat prohibition on political contributions.)

		Response Percent	Response Count
Yes, we have adopted a formal stand-alone policy.		37.9%	189
Yes, we have adopted a policy as part of our other policies.		43.3%	216
No, this rule is not applicable.		15.2%	76
We are in the process of developing a policy.		2.8%	14
Other (please describe).		0.8%	4
		answered question	499
		skipped question	56









55. Which of the following policies have you adopted with regard to political contributions by “Covered Associates” as defined within the Rule? (check all that apply)

		Response Percent	Response Count
We prohibit all political contributions.		7.1%	30
We prohibit all political contributions to any state or local government official.		11.0%	46
We prohibit all political contributions to certain identified state and local government officials/entities. (e.g., current clients, prospective clients.)		7.1%	30
We prohibit all political contributions above a de minimis amount. (Please specify the amount in the Comment Box below.)		20.5%	86
We require Covered Associates to pre-clear all political contributions.		60.0%	252
We require Covered Associates to pre-clear political contributions above a de minimis amount. (Please specify the amount in the Comment Box below.)		13.6%	57
We require periodic reporting of all political contributions by Covered Associates. (Please specify how frequently in the Comment Box below.)		31.7%	133
We require new personnel to be vetted for political contributions before they are hired as Covered Associates.		37.1%	156
	Further explanation.		127
answered question			420
skipped question			135









56. In addition to “Covered Associates”, to which of the following additional categories of persons does your firm’s policy apply? (check all that apply)

		Response Percent	Response Count
All employees.		76.4%	321
Directors of adviser.		7.6%	32
Directors of affiliates.		2.6%	11
Senior management.		14.3%	60
All marketing personnel.		8.3%	35
Certain employees of affiliates.		4.0%	17
Spouses, household members and/or dependent children of Covered Associates.		22.6%	95
Spouses, household member and/or dependent children of other personnel covered by the firm’s policy.		13.3%	56
None. Our policy is limited to Covered Associates as defined under the Rule.		11.7%	49
Other (please describe).		3.6%	15
answered question			420
skipped question			135











57. Which of the following policies have you adopted with regard to political contributions by persons other than Covered Associates? (check all that apply)





		Response Percent	Response Count
We prohibit all political contributions.		8.9%	33
We prohibit all political contributions to any state or local government official.		10.0%	37
We prohibit all political contributions to certain identified state and local government officials/entities (e.g., current clients, prospective clients).		5.4%	20
We prohibit all political contributions above a de minimis amount. (Please specify the amount in the Comment Box below.)		17.8%	66
We require additional persons to pre-clear all political contributions.		51.8%	192
We require additional persons to pre-clear political contributions above a de minimis amount. (Please specify the amount in the Comment Box below.)		12.1%	45
We require periodic reporting of all political contributions by additional persons. (Please specify how frequently in the Comment Box below.)		22.6%	84
We require new personnel to be vetted for political contributions before they are hired.		31.8%	118
	Further explanation.		86
answered question			371
skipped question			184

58. Which of the following policies have you adopted with regard to indirect political contributions/activities? (check all that apply)




		Response Percent	Response Count
We have developed policies and procedures governing indirect contributions (e.g., via family members or other household members, or personally owned companies).		39.9%	165
We have developed policies and procedures governing indirect contributions via payments to PACs and state and local political parties.		33.1%	137
We prohibit coordinating or soliciting contributions.		20.5%	85
We require pre-clearance of coordinating or soliciting contributions.		29.2%	121
We require reporting of coordinating or soliciting contributions.		15.9%	66
We require pre-clearance of political volunteering activities.		15.9%	66
Not applicable. We have not adopted any policies with regard to indirect political contributions/activities.		31.9%	132
Other (please describe):		1.4%	6
		answered question	414
		skipped question	141

59. What types of monitoring or testing does your firm conduct surrounding political contributions? (check all that apply)

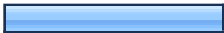

		Response Percent	Response Count
We monitor publicly available information for contributions.		26.3%	109
We hire a third-party to monitor publicly available information for contributions.		1.7%	7
We review periodic reports received from employees/Covered Persons.		35.7%	148
We require periodic (i.e., monthly, quarterly, annually) certifications from personnel regarding compliance.		60.1%	249
We request certifications from government clients that no officials received contributions from firm personnel.		0.5%	2
We request a list of any political donations received from employees by prospective investors as part of the client onboarding process.		2.2%	9
We request a list of any political contributions as part of our hiring process for new employees.		35.3%	146
We compare requested pre-clearances with employee reporting.		28.3%	117
We look for patterns regarding political contributions and entities with whom we win business.		11.4%	47
We look for patterns regarding gifts/entertainment given by employees to government entities with whom we win business.		11.1%	46
We conduct periodic training of			

relevant personnel on pay-to-play issues.		38.4%	159
We review expense reports of relevant personnel for pay-to-play red flags.		10.6%	44
Not Applicable. We do not conduct any monitoring or testing surrounding political contributions.		19.8%	82
Other (please describe):		1.7%	7
answered question			414
skipped question			141




**60. Have you adopted gifts and entertainment policies specific to government officials?
(check all that apply)**

		Response Percent	Response Count
Yes, we have specific gifts and entertainment policies with regard to government officials.		32.9%	136
No, our gifts and entertainment policies apply broadly and are not specific to government officials.		62.3%	258
No, we do not have a gifts and entertainment policy.		5.6%	23
answered question			414
skipped question			141









61. Does your firm use third-party solicitors or placement agents to solicit new clients or investors?






		Response Percent	Response Count
Yes.		32.6%	135
No.		67.4%	279
answered question			414
skipped question			141

62. You indicated that your firm uses solicitors or placement agents. Are solicitors or placement agents covered by your pay-to-play policies and procedures?




		Response Percent	Response Count
Yes.		25.2%	34
No.		25.2%	34
No, they are covered by their own pay-to-play policy.		49.6%	67
answered question			135
skipped question			420

63. You indicated that your solicitors or placement agents are covered by your pay-to-play policies and procedures. Which of the following policies or procedures with regard to the monitoring of contributions by solicitors or placement agents have you implemented? (check all that apply)



		Response Percent	Response Count
We require pre-clearance of all contributions by solicitors or placement agents as part of our contract.		14.7%	5
We require reporting of all political contributions by solicitors or placement agents as part of our contract.		14.7%	5
We prohibit all contributions by solicitors or placement agents as part of our contract.		20.6%	7
We require all new solicitors to be vetted for political contributions before we retain them.		20.6%	7
We look for publicly available information on solicitors' contributions.		5.9%	2
We hire a third-party to monitor publicly available information for contributions.		0.0%	0
We review reporting of all contributions.		8.8%	3
We require periodic (i.e., monthly, quarterly, annually) certifications regarding compliance.		26.5%	9
We request certifications from government clients that no officials received contributions from firm solicitors or placement agents.		2.9%	1
We request a list of any political donations received from solicitors			

and placement agents by prospective investors as part of the client onboarding process.		0.0%	0
We conduct due diligence of policies and procedures adopted by the solicitors and placement agents.		2.9%	1
We compare requested pre-clearances with solicitor reporting.		2.9%	1
We look for patterns regarding activities by solicitors and placements agents and entities with whom we win business.		0.0%	0
We rely on the policies and procedures adopted by the solicitors and placement agents to ensure compliance.		26.5%	9
We do not do any monitoring of our third-party solicitors or placement agents.		26.5%	9
Other (please describe):		14.7%	5
answered question			34
skipped question			521

64. On which of the following exceptions to the SEC’s pay-to-play rules has your firm relied? (check all that apply)

		Response Percent	Response Count
The de minimis contribution exception allowed by the SEC pay-to-play rule (up to \$350/\$150 per election, based on whether the donor can vote for the candidate).		49.8%	206
The inadvertent (and returned) contribution exception.		3.1%	13
The firm has not relied on any exceptions.		50.5%	209
answered question			414
skipped question			141

65. Has your firm requested that the SEC grant an exemption from the compensation ban under the pay-to-play rules that would otherwise have been triggered by a contribution?

		Response Percent	Response Count
Yes.		0.2%	1
No.		99.8%	413
answered question			414
skipped question			141




66. You indicated that your firm has requested an SEC exemption from the compensation ban under the pay-to-play rules. How has the SEC resolved your request?

		Response Percent	Response Count
Approved. (please explain the factors on which the SEC relied.)		0.0%	0
Denied. (please explain the factors on which the SEC relied.)		0.0%	0
Still pending.		100.0%	1
	Further explanation.		0
	answered question		1
	skipped question		554







67. Does your firm register any employee as a “lobbyist” (or similar category) under state or local law?

		Response Percent	Response Count
No.		86.0%	355
Yes (please specify states/localities):		14.0%	58
	answered question		413
	skipped question		142



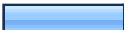

68. Does your firm conduct any periodic best execution reviews?

		Response Percent	Response Count
Yes.		82.4%	403
No.		7.4%	36
Not applicable to our advisory business.		10.2%	50
answered question			489
skipped question			66

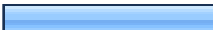


69. You have indicated that your firm conducts periodic best execution reviews. How often does your firm conduct such reviews? (check all that apply)

		Response Percent	Response Count
Monthly.		10.4%	42
Quarterly.		55.2%	222
Semi-Annually.		14.9%	60
Annually.		20.4%	82
Contemporaneously.		9.2%	37
Other (please describe):		4.2%	17
answered question			402
skipped question			153

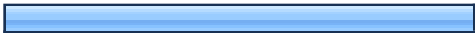






70. How are your best execution reviews conducted? (check all that apply)

		Response Percent	Response Count
We have a Best Execution Committee which performs the review.		55.5%	223
We do not have a Best Execution Committee but we conduct our best execution reviews internally.		33.6%	135
We utilize a third-party service provider to perform our best execution reviews.		17.7%	71
Other (please describe):		10.2%	41
answered question			402
skipped question			153

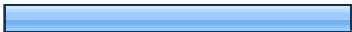





71. You indicated that you utilize a third-party service provider to perform your best execution reviews. Based on your experience, how would you rate the third-party review?

		Response Percent	Response Count
Very helpful.		31.6%	6
Helpful.		47.4%	9
Somewhat helpful.		21.1%	4
Not at all helpful.		0.0%	0
answered question			19
skipped question			536















72. Which of the following individuals at your firm participate in the Best Execution Reviews ? (check all that apply)







		Response Percent	Response Count
Traders.		70.6%	283
Analysts.		21.4%	86
Portfolio managers.		61.8%	248
Risk management personnel.		23.2%	93
Operations personnel.		47.9%	192
Compliance personnel.		87.0%	349
Other personnel (please specify):		11.7%	47
		answered question	401
		skipped question	154

73. What types of assets do your best execution reviews cover? (check all that apply)













		Response Percent	Response Count
Fixed Income.		52.1%	209
Equities.		92.0%	369
Foreign currencies.		16.7%	67
Derivatives.		20.7%	83
Private transactions (equity or debt).		7.0%	28
Other (please specify):		4.2%	17
		answered question	401
		skipped question	154







74. What topic areas do you focus on during your best execution reviews? (check all that apply)

		Response Percent	Response Count
Intermediary compensation (e.g., commission rates, mark-ups/mark-downs, and commission targets).		69.3%	275
Client-directed brokerage arrangements.		28.2%	112
Order flow sent to the broker-dealers.		59.7%	237
Ability to maintain the confidentiality of trading intentions.		23.2%	92
Timeliness of execution and settlement.		75.6%	300
Timeliness and accuracy of trade confirmations.		51.6%	205
Liquidity of the securities traded.		45.8%	182
Ability to place trades in difficult market environments.		50.9%	202
Products and research services provided.		52.1%	207
Soft dollars and/or commission sharing arrangements.		51.4%	204
Conflicts of interest (e.g., gifts and entertainment received by employees, family members employed by a broker-dealer, affiliated broker-dealers, etc.).		30.5%	121
Execution facilitation services provided.		33.8%	134
Record keeping services provided.		13.1%	52
Custody services provided.		18.4%	73



Frequency and correction of trading errors.		44.6%	177
Expertise as it relates to specific securities.		39.5%	157
Client referrals.		2.8%	11
Financial condition of trading counter-party.		38.0%	151
Business reputation of trading counter-party.		38.0%	151
Other (please describe):		2.8%	11
answered question			397
skipped question			158

75. What types of reviews or testing do you conduct as part of your Best Execution Review? (check all that apply)

		Response Percent	Response Count
Contemporaneous review by trading staff on a trade-by-trade basis.		33.7%	133
Comparisons to benchmarks such as VWAP (Volume Weighted Average Price).		45.3%	179
Comparisons to other broker-dealer quotes.		30.4%	120
Sample against comparable trades by your firm.		23.5%	93
Sample against bid/ask information reported by pricing services.		22.3%	88
Sample to ensure appropriate documentation.		18.2%	72
Compare best execution disclosures against actual practices.		24.6%	97
Trading volume with trading counter-parties.		34.2%	135
Soft dollars and/or commission sharing arrangements (e.g., reviews of soft dollar invoices, soft dollar/CSA balances and budgets, mixed-use allocations, etc.).		40.8%	161
Review conflicts of interest (e.g., gifts and entertainment received by employees, family members employed by a broker-dealer, affiliated broker-dealers, etc.).		25.3%	100
Review of trade errors.		53.2%	210
Utilize a broker voting process.		22.5%	89

Review of an approved broker-dealers list.		52.2%	206
Review of trading counter-parties (e.g., financial condition and business reputation).		32.2%	127
Review of best execution policies and procedures.		52.9%	209
Review of sub-advisers' executions.		7.1%	28
Comparisons to benchmarks such as TRACE or MSRB data.		10.1%	40
Other (please describe):		4.1%	16
answered question			395
skipped question			160



76. Do you maintain written documentation evidencing your best execution reviews?

		Response Percent	Response Count
Yes.		92.2%	364
No.		7.8%	31
answered question			395
skipped question			160




77. You indicated that you maintain documentation evidencing your best execution reviews. Please describe the type of documentation produced (e.g., agenda, best execution memorandum, checklist, broker vote matrix, etc.):

	Response Count
	364
answered question	364
skipped question	191






78. Do you communicate the results of your best execution analysis to the broker dealers used by your firm?

		Response Percent	Response Count
Yes.		11.6%	46
No.		88.4%	349
	answered question		395
	skipped question		160


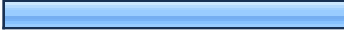










79. Does your firm conduct cross trades?

		Response Percent	Response Count
Yes.		22.9%	110
No.		57.6%	277
Not applicable to our advisory business.		19.5%	94
	answered question		481
	skipped question		74

80. How does your firm conduct its cross trades? (check all that apply)

		Response Percent	Response Count
Internally.		44.0%	48
Through the market with affiliated broker-dealers.		7.3%	8
Through the market with non-affiliated broker-dealers.		49.5%	54
Through custodian.		28.4%	31
Other (please describe):		3.7%	4
		answered question	109
		skipped question	446



81. What type of testing do you conduct for cross trades? (check all that apply)

		Response Percent	Response Count
Review transactions in light of ERISA regulations.		38.5%	42
Review transactions in light of Investment Company Act regulations.		51.4%	56
Review each transaction for fiduciary principles. (i.e., mutually beneficial to both clients.)		71.6%	78
Review all or samples of transactions to look for patterns implicating fiduciary principles. (e.g., favoritism to certain clients.)		26.6%	29
Review documented rationale for each transaction.		56.9%	62
Review documented rationale for all or samples of transactions to discern patterns that might rise concerns.		22.0%	24
Review pricing process and results for cross trades.		64.2%	70
Review transaction details to ensure charges and fees are allocated properly to participating client accounts.		27.5%	30
Review participating client accounts to ensure eligibility to cross trade.		57.8%	63
Review cross trades for compliance with firm policies.		76.1%	83
Review Form ADV and other disclosures regarding cross trades for consistency with actual practices.		56.0%	61
Other (please describe):		1.8%	2




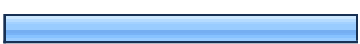

answered question 109

skipped question 446

82. Do you maintain documentation related to your firm's cross trading activity?

		Response Percent	Response Count
Yes.		95.4%	104
No.		4.6%	5
		answered question	109
		skipped question	446

83. You indicated that your firm maintains documentation related to cross trades. Which of the following best describes the type of documentation maintained? (check all that apply)

		Response Percent	Response Count
Trade ticket.		51.9%	54
Chief Compliance Officer sign-off.		40.4%	42
Daily trade reports.		31.7%	33
Cross trade forms.		52.9%	55
Other (please specify):		21.2%	22
		answered question	104
		skipped question	451

**84. Which of the following areas do you view as the “hottest” compliance topics for 2012?
(please pick only three!)**

		Response Percent	Response Count
Advertising/marketing.		25.9%	124
AML/FCPA.		7.7%	37
Best execution.		5.0%	24
Books and records.		5.0%	24
Client guidelines.		5.4%	26
Custody.		12.3%	59
Data security.		15.1%	72
Disaster recovery planning.		3.6%	17
Error correction.		1.0%	5
FATCA.		15.5%	74
Fraud prevention.		11.1%	53
Gifts and entertainment.		2.5%	12
Insider trading.		32.2%	154
Personal trading.		9.8%	47
Political contributions/Pay-to-play.		19.0%	91
Regulatory reporting. (e.g., Form ADV, Form 13F.)		31.2%	149
Social media.		43.3%	207
Soft dollars.		1.0%	5
Trade allocation.		3.6%	17
Valuation.		24.7%	118
Other hot topic (please specify):		7.5%	36

answered question	478
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skipped question	77
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Page 3, Q8. What constituencies receive notification of the results or a copy of any report produced as a result of the annual review? (check all that apply)

1	insurance providers	May 19, 2012 6:21 PM
2	select prospective clients	May 18, 2012 7:13 PM
3	COO	May 18, 2012 1:20 PM
4	Internal Control Meeting with representation of Sr. Mgmt. from other departments.	May 17, 2012 1:14 PM
5	Partners	May 16, 2012 11:55 AM
6	Clients on request receive a summary of the Firm's Rule 206(4)-7 testing and conclusions	May 16, 2012 10:20 AM
7	Clients for whom we serve as sub-advisor.	May 16, 2012 9:57 AM
8	Compliance Committee	May 14, 2012 5:16 PM
9	audit committee	May 11, 2012 1:17 PM
10	The report is not sent out. It is reviewed with clients at our offices if requested	May 11, 2012 11:36 AM
11	Upon request, clients receive a summary of the report	May 11, 2012 11:20 AM
12	risk assessment committee	May 9, 2012 5:08 PM
13	New registrant; not done	May 8, 2012 9:38 AM
14	Operating Committee (CFO, General Counsel, other MD)	May 7, 2012 5:08 PM
15	No report produced	May 7, 2012 9:49 AM
16	Internal Audit and Federal Examiners	May 7, 2012 9:48 AM
17	Internal Audit	May 7, 2012 8:11 AM
18	don't know	May 4, 2012 2:41 PM
19	No report generated; however, CCO is advised when updates are made.	May 4, 2012 11:22 AM
20	Newly registered. Have not yet had an annual compliance review.	May 1, 2012 5:09 PM
21	Compliance Committee	May 1, 2012 2:15 PM
22	CCO of a client that is a '40 act Fund	May 1, 2012 9:09 AM
23	Available upon request to any client	Apr 30, 2012 3:54 PM
24	Compliance Committee	Apr 30, 2012 2:07 PM
25	BD	Apr 27, 2012 2:22 PM
26	An Executive Summary is delivered upon request to anyone requesting.	Apr 27, 2012 9:49 AM

Page 3, Q8. What constituencies receive notification of the results or a copy of any report produced as a result of the annual review? (check all that apply)

27	Compliance committee of senior executives	Apr 26, 2012 9:16 AM
28	COO, CEO	Apr 25, 2012 5:31 PM
29	General Counsel	Apr 25, 2012 4:38 PM
30	We undergo an annual compliance review and make edits to our compliance manual accordingly, which is then distributed to each employee at the annual compliance training.	Apr 25, 2012 3:21 PM
31	The firm's Fiduciary Committee	Apr 25, 2012 5:38 AM
32	have not yet conducted an annual review	Apr 24, 2012 6:14 PM
33	Supervisors and Department Heads when issues are noted in their areas	Apr 24, 2012 4:53 PM
34	no one, it is filed in cabinet	Apr 24, 2012 3:06 PM
35	In-house Legal Counsel	Apr 24, 2012 2:25 PM
36	Report compiled	Apr 24, 2012 1:57 PM
37	Distributed to clients who request it	Apr 24, 2012 1:42 PM
38	We just registered in March 2012 and thus will be completing our formal annual review for the first time.	Apr 24, 2012 1:09 PM
39	clients and prospects and consultants pursuant to their request	Apr 24, 2012 10:20 AM