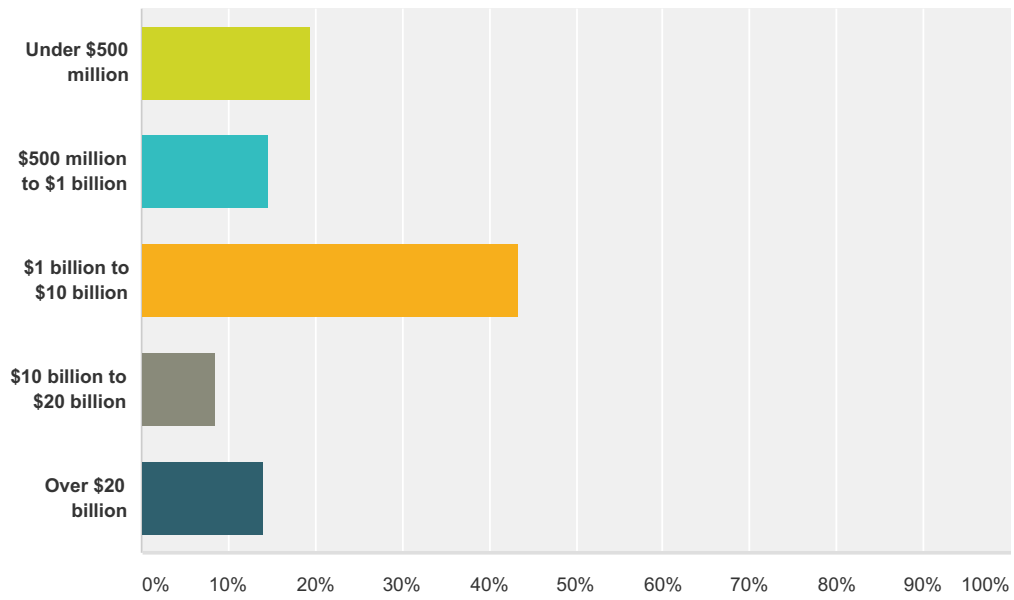


Q1 What is your firm's total AUM (assets under management)?

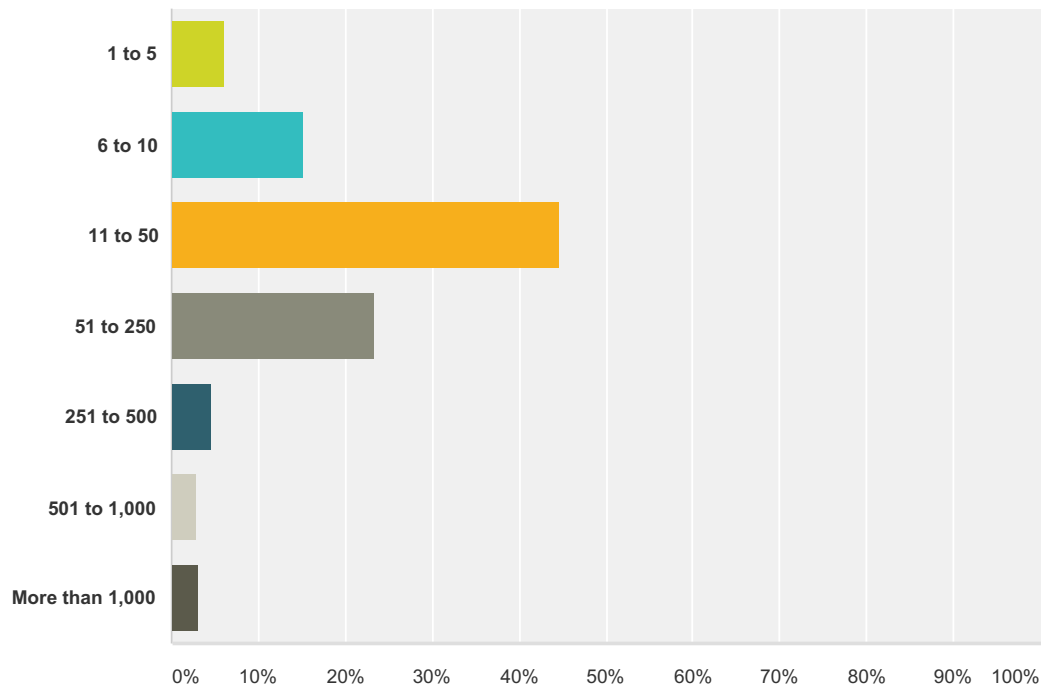
Answered: 731 Skipped: 0



Answer Choices	Responses	
Under \$500 million	19.43%	142
\$500 million to \$1 billion	14.64%	107
\$1 billion to \$10 billion	43.37%	317
\$10 billion to \$20 billion	8.62%	63
Over \$20 billion	13.95%	102
Total		731

Q2 How many full and part time employees does your firm employ?

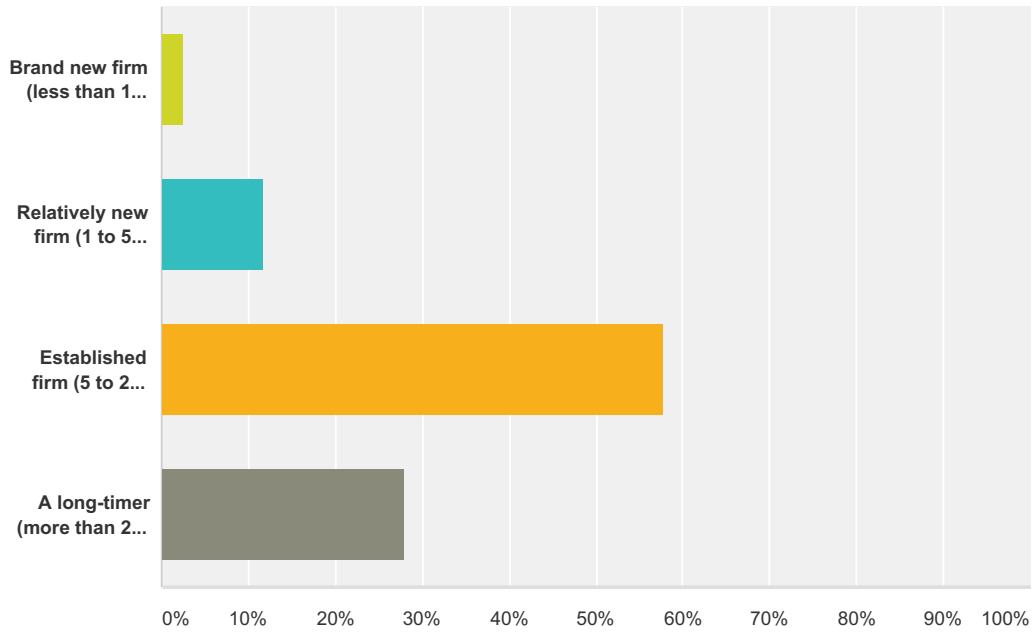
Answered: 731 Skipped: 0



Answer Choices	Responses
1 to 5	6.02% 44
6 to 10	15.18% 111
11 to 50	44.60% 326
51 to 250	23.39% 171
251 to 500	4.65% 34
501 to 1,000	3.01% 22
More than 1,000	3.15% 23
Total	731

Q3 How would you describe your firm?

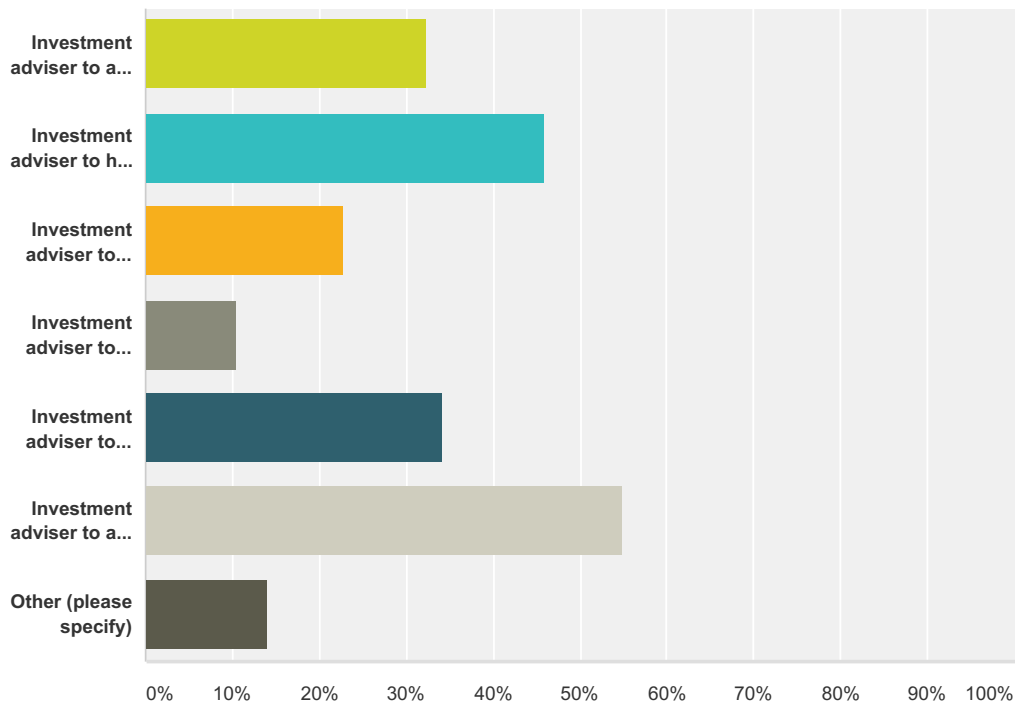
Answered: 731 Skipped: 0



Answer Choices	Responses
Brand new firm (less than 1 year in business).	2.46% 18
Relatively new firm (1 to 5 years in business).	11.76% 86
Established firm (5 to 25 years in business).	57.87% 423
A long-timer (more than 25 years in business).	27.91% 204
Total	731

Q4 What are the primary services offered at your firm? (check all that apply)

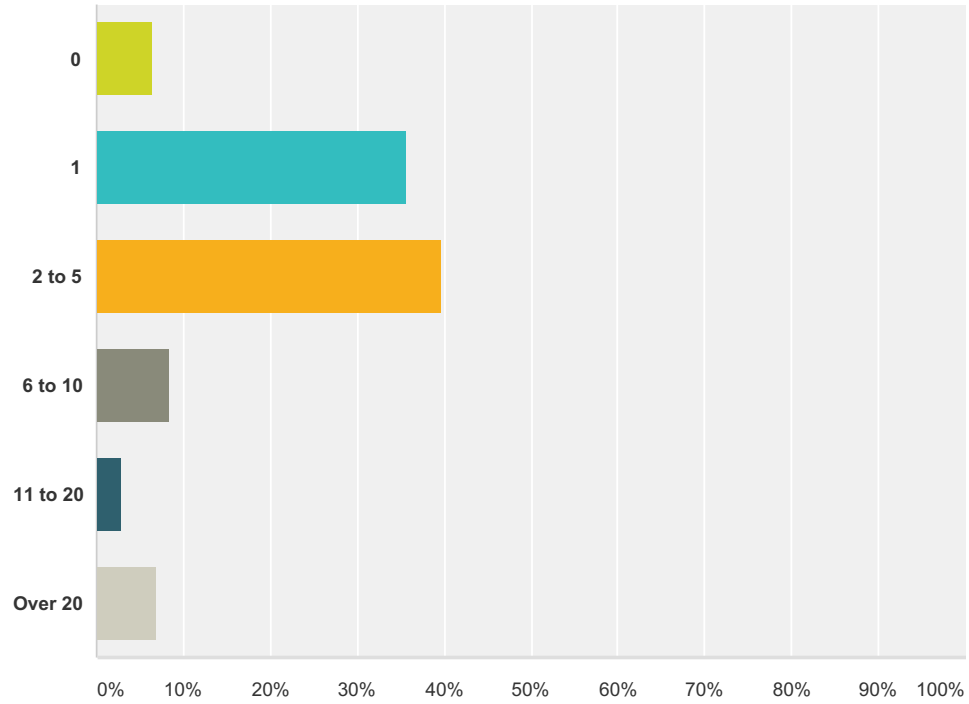
Answered: 731 Skipped: 0



Answer Choices	Responses
Investment adviser to a registered investment company.	32.28% 236
Investment adviser to high net worth individuals (typical account size \$1mm or more).	45.96% 336
Investment adviser to retail individuals (typical account size \$1mm or less).	22.71% 166
Investment adviser to family office.	10.53% 77
Investment adviser to ERISA assets/pension consultant.	34.34% 251
Investment adviser to a private fund (e.g., private partnership, hedge fund, private equity fund).	54.86% 401
Other (please specify)	13.95% 102
Total Respondents: 731	

Q5 How many full time employees are currently employed in your firm's legal and/or compliance departments?

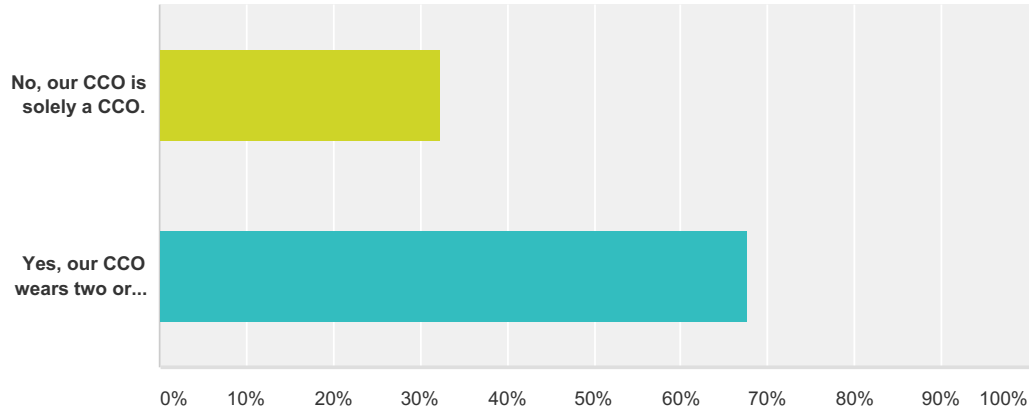
Answered: 712 Skipped: 19



Answer Choices	Responses
0	6.46% 46
1	35.67% 254
2 to 5	39.61% 282
6 to 10	8.43% 60
11 to 20	2.95% 21
Over 20	6.88% 49
Total	712

Q6 Does your firm's CCO perform non-CCO functions (for example, by also serving as your firm's COO or CFO)?

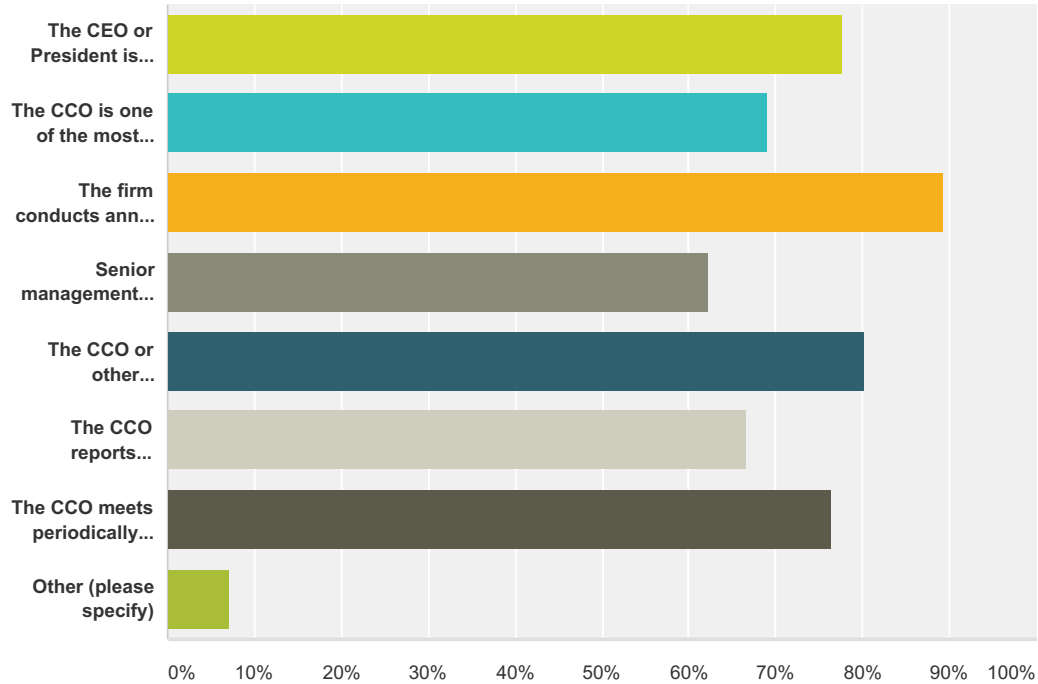
Answered: 712 Skipped: 19



Answer Choices	Responses
No, our CCO is solely a CCO.	32.44% 231
Yes, our CCO wears two or more hats and performs other non-CCO roles.	67.56% 481
Total	712

Q7 How does your firm demonstrate that you have developed and promote a culture of compliance: (check all that apply)

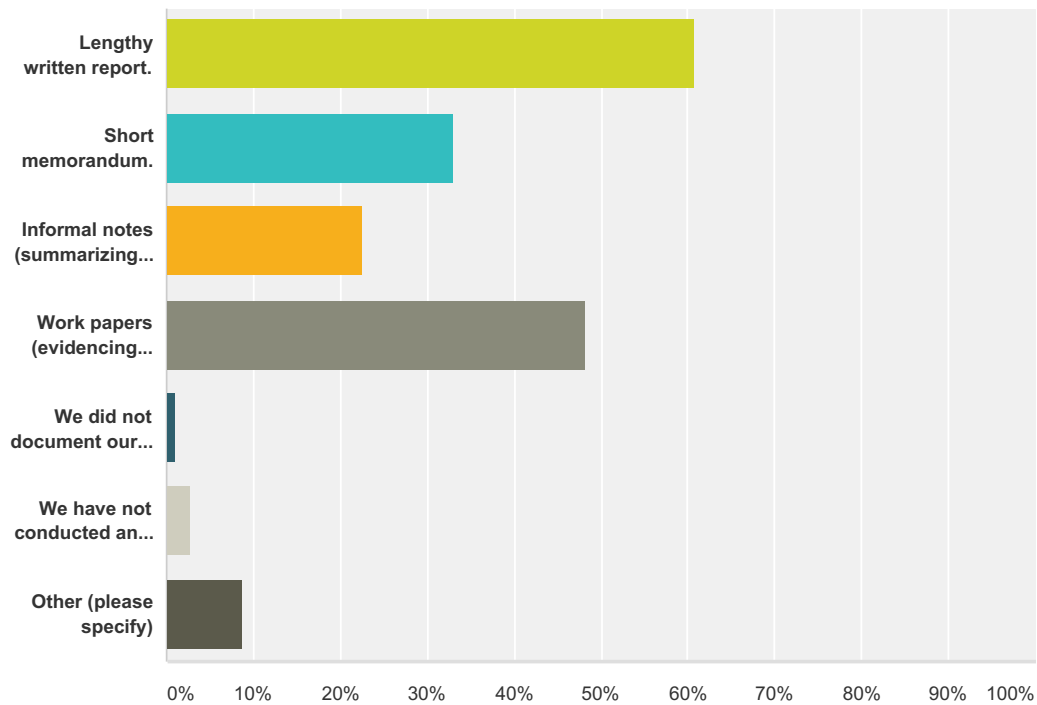
Answered: 712 Skipped: 19



Answer Choices	Responses
The CEO or President is immediately apprised of material compliance issues/breaches.	77.67% 553
The CCO is one of the most senior executives.	69.10% 492
The firm conducts annual (or more frequent) employee compliance training.	89.33% 636
Senior management participates in SEC inspections, such as by participating in the opening interview.	62.22% 443
The CCO or other compliance personnel attend various committee meetings (such as best execution committee meetings).	80.20% 571
The CCO reports directly to the CEO or President.	66.57% 474
The CCO meets periodically with the CEO or President to discuss compliance issues and initiatives.	76.40% 544
Other (please specify)	7.02% 50
Total Respondents: 712	

Q8 How did you document/evidence the annual review? (check all that apply)

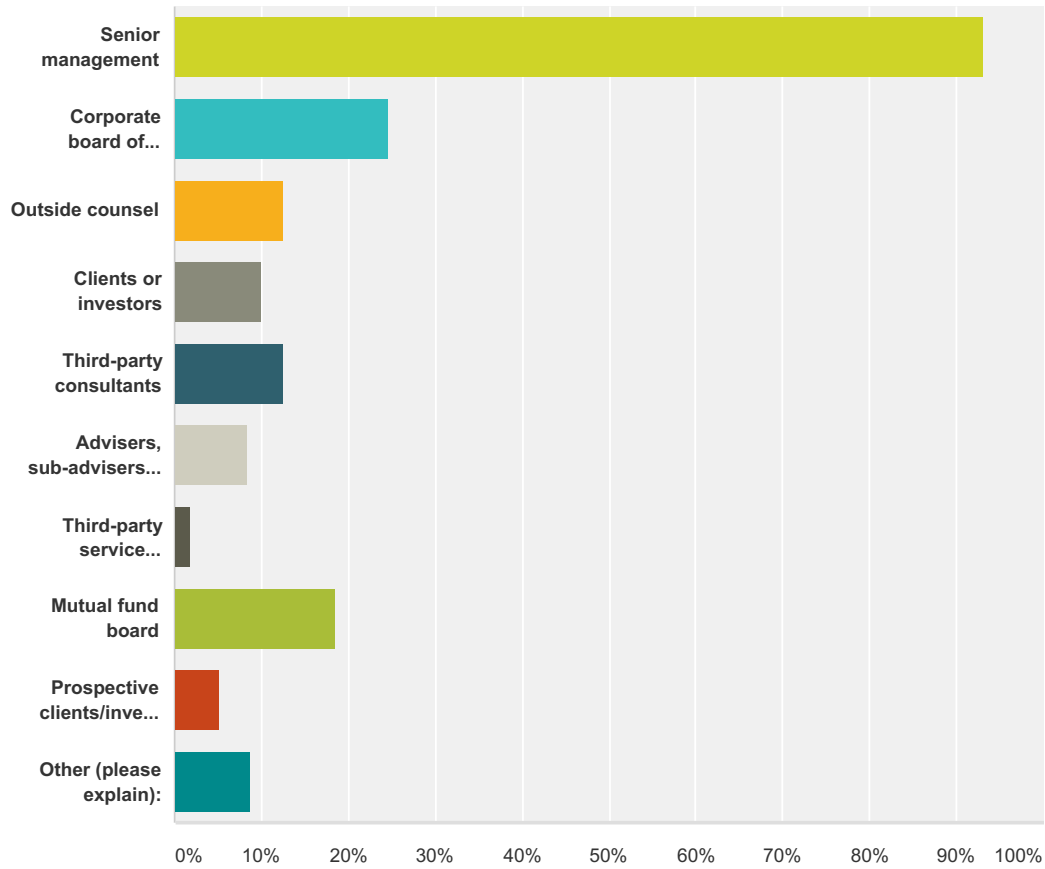
Answered: 712 Skipped: 19



Answer Choices	Responses	Count
Lengthy written report.	60.67%	432
Short memorandum.	33.01%	235
Informal notes (summarizing tests).	22.47%	160
Work papers (evidencing tests).	48.17%	343
We did not document our annual review.	1.12%	8
We have not conducted an annual review.	2.81%	20
Other (please specify)	8.71%	62
Total Respondents: 712		

Q9 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)

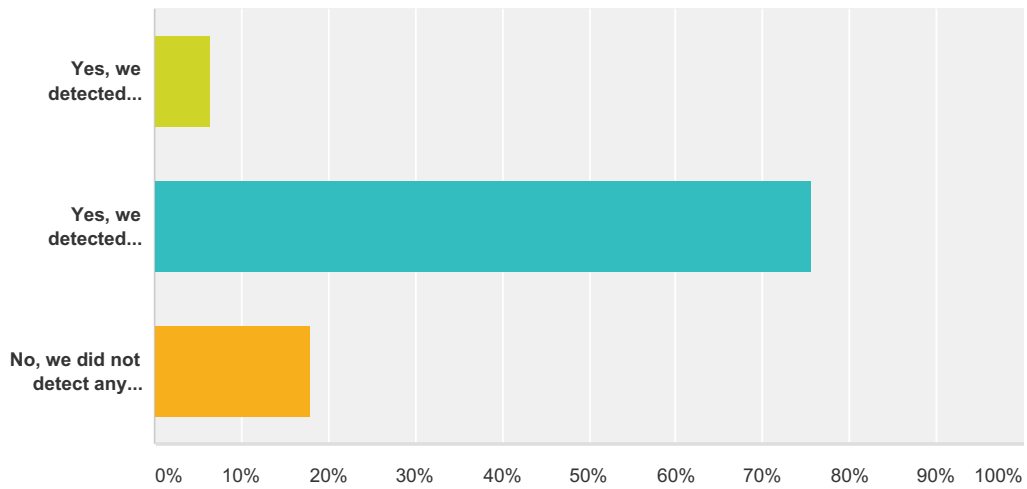
Answered: 712 Skipped: 19



Answer Choices	Responses	Count
Senior management	93.12%	663
Corporate board of directors	24.72%	176
Outside counsel	12.50%	89
Clients or investors	10.11%	72
Third-party consultants	12.50%	89
Advisers, sub-advisers, and/or wrap sponsors	8.43%	60
Third-party service providers	1.97%	14
Mutual fund board	18.54%	132
Prospective clients/investors	5.20%	37
Other (please explain):	8.85%	63
Total Respondents: 712		

Q10 Over the previous year, has your compliance testing detected any issues?

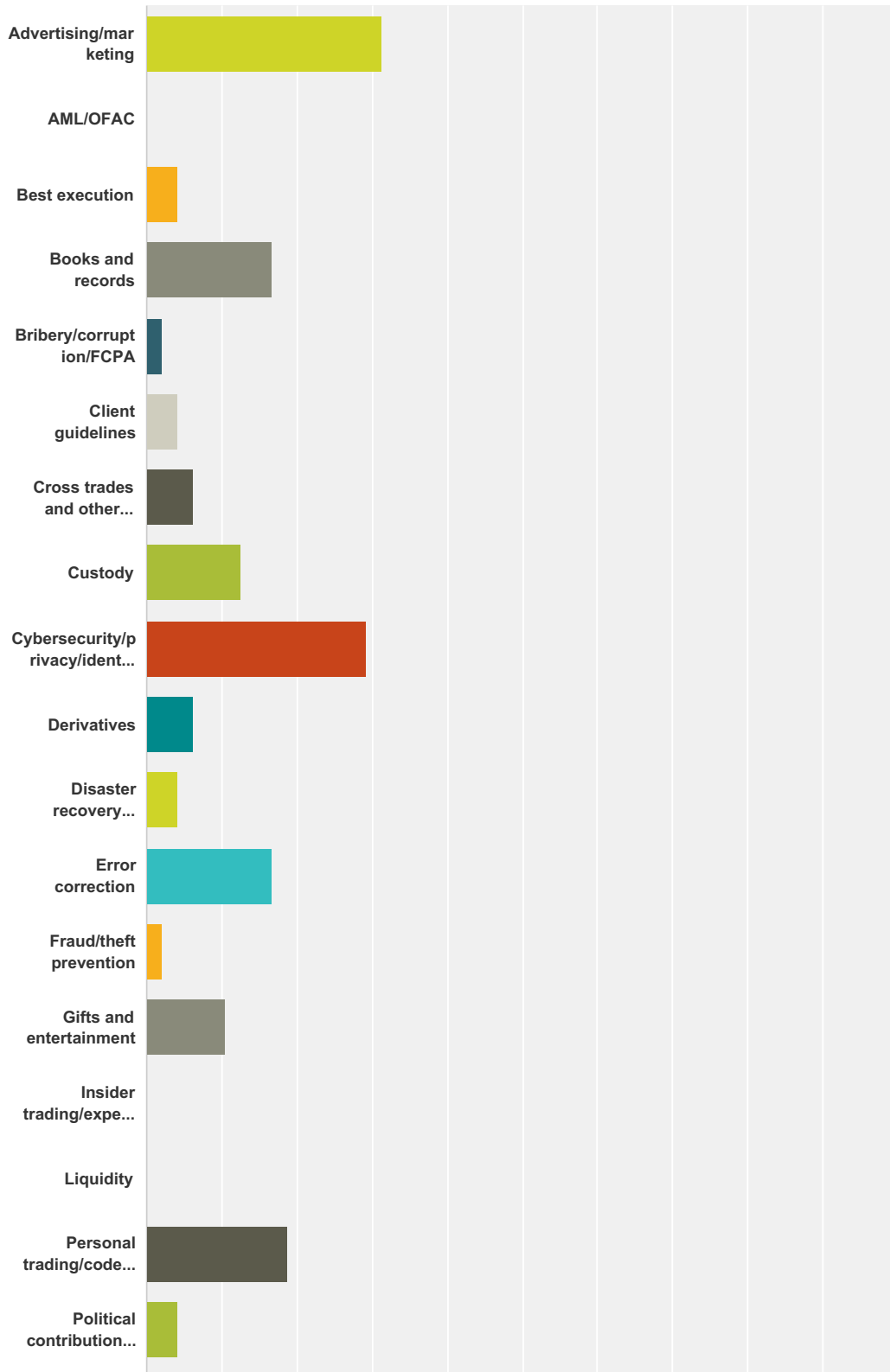
Answered: 711 Skipped: 20



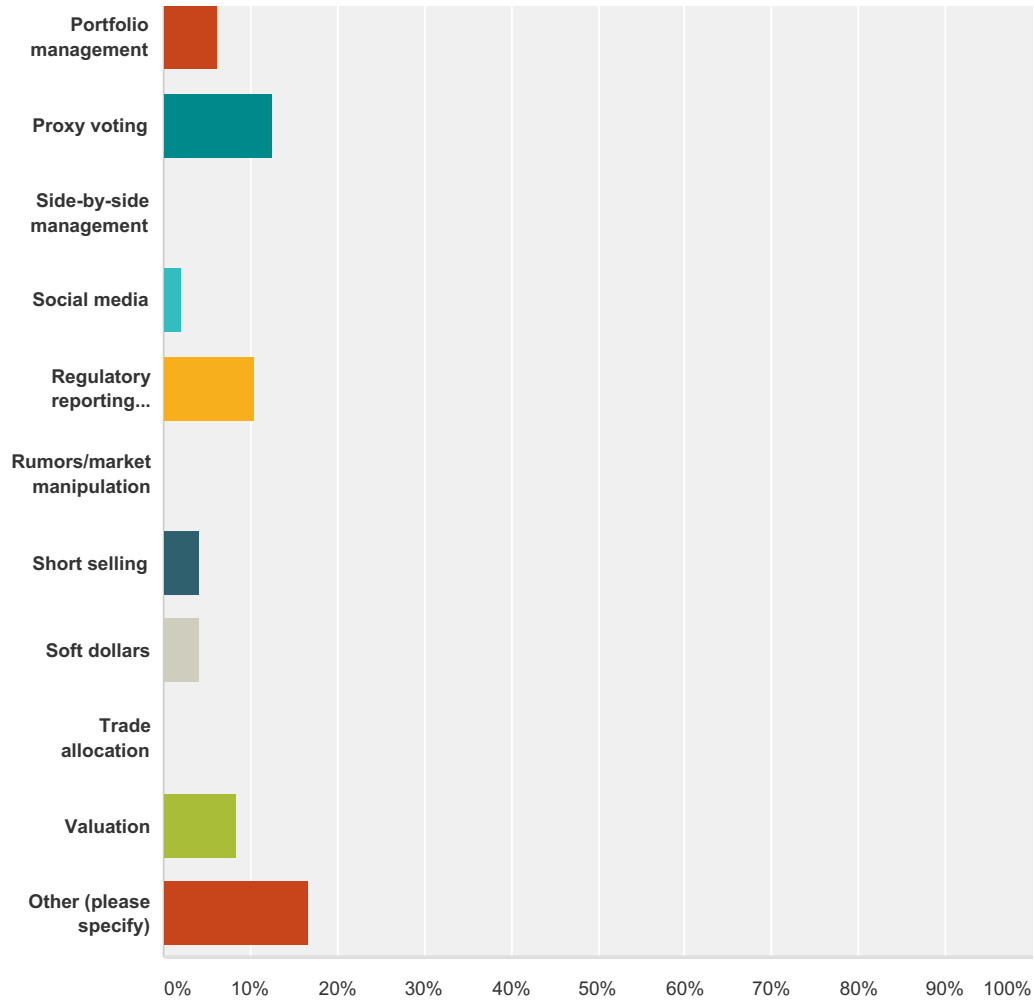
Answer Choices	Responses	
Yes, we detected material compliance issues.	6.47%	46
Yes, we detected compliance issues, none of which we deemed to be material.	75.67%	538
No, we did not detect any compliance issues.	17.86%	127
Total		711

Q11 You have indicated that you detected material compliance issues. In which of the following areas have you detected material compliance issues? (check all that apply)

Answered: 48 Skipped: 683



2016 Investment Management Compliance Testing Survey



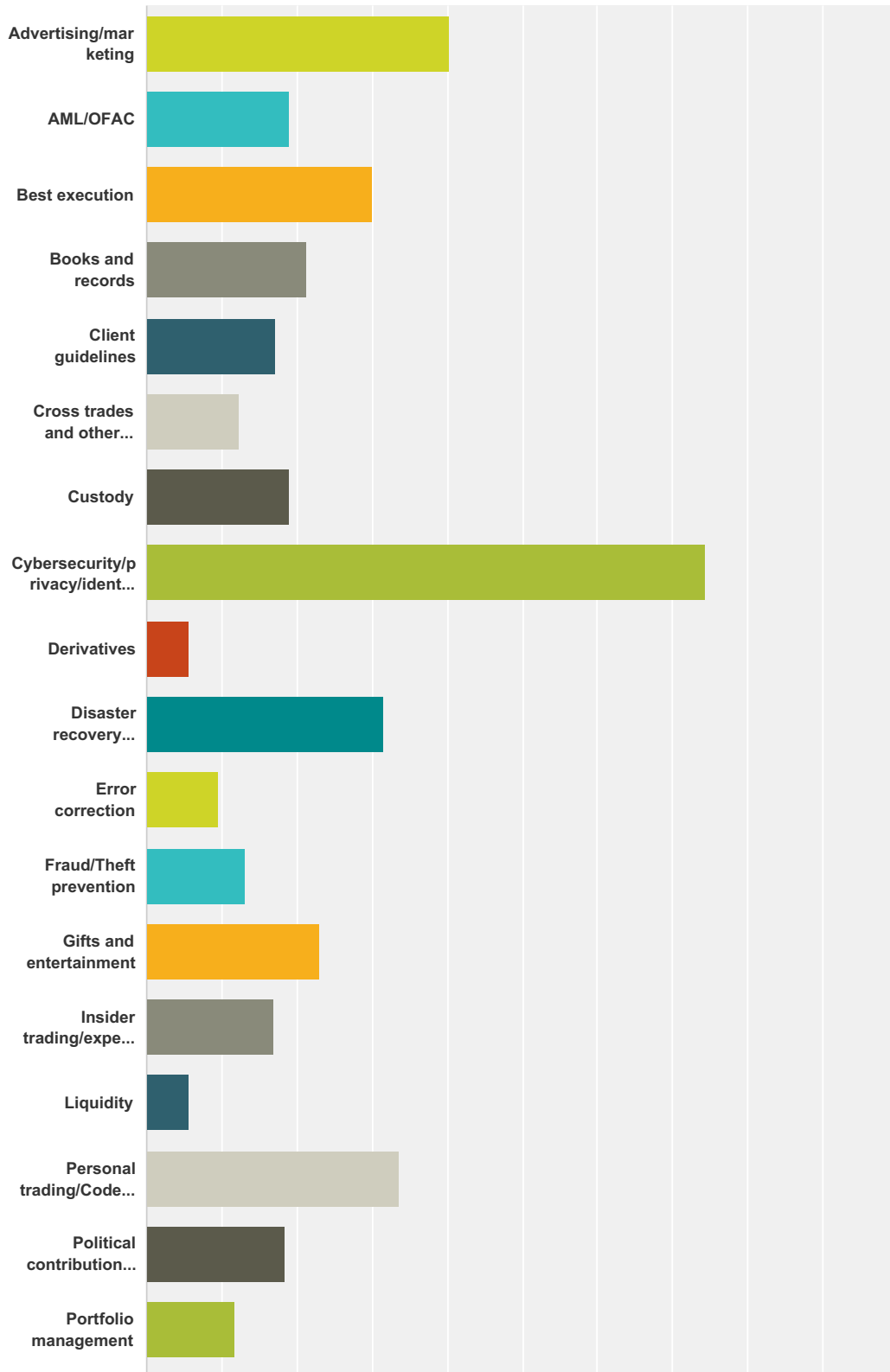
Answer Choices	Responses	
Advertising/marketing	31.25%	15
AML/OFAC	0.00%	0
Best execution	4.17%	2
Books and records	16.67%	8
Bribery/corruption/FCPA	2.08%	1
Client guidelines	4.17%	2
Cross trades and other trading issues	6.25%	3
Custody	12.50%	6
Cybersecurity/privacy/identity theft	29.17%	14
Derivatives	6.25%	3
Disaster recovery planning	4.17%	2
Error correction	16.67%	8
Fraud/theft prevention	2.08%	1

2016 Investment Management Compliance Testing Survey

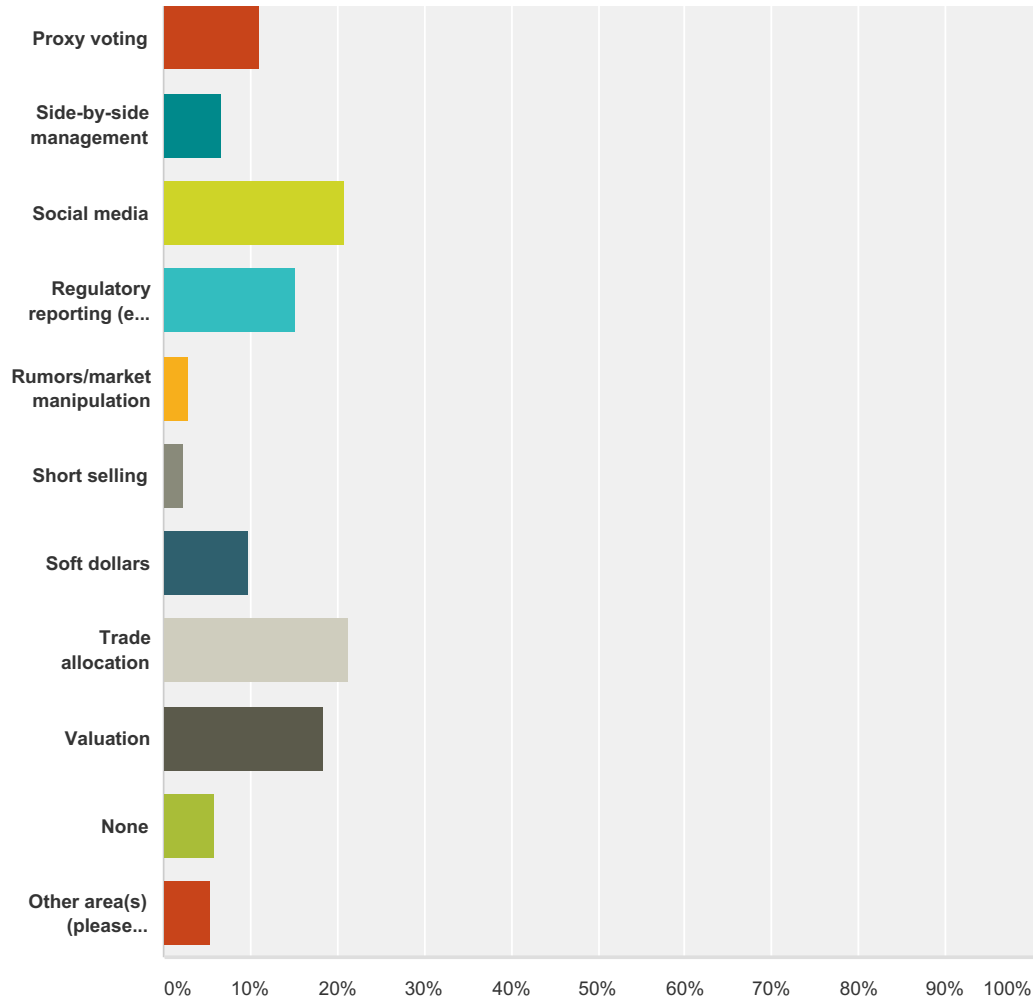
Gifts and entertainment	10.42%	5
Insider trading/expert networks	0.00%	0
Liquidity	0.00%	0
Personal trading/code of ethics	18.75%	9
Political contributions/Pay-to-play	4.17%	2
Portfolio management	6.25%	3
Proxy voting	12.50%	6
Side-by-side management	0.00%	0
Social media	2.08%	1
Regulatory reporting (e.g., Form ADV, Form 13F)	10.42%	5
Rumors/market manipulation	0.00%	0
Short selling	4.17%	2
Soft dollars	4.17%	2
Trade allocation	0.00%	0
Valuation	8.33%	4
Other (please specify)	16.67%	8
Total Respondents: 48		

Q12 In which of the following areas have you increased the type, scope, and/or frequency of compliance testing (since January 1, 2015)? (check all that apply)

Answered: 697 Skipped: 34



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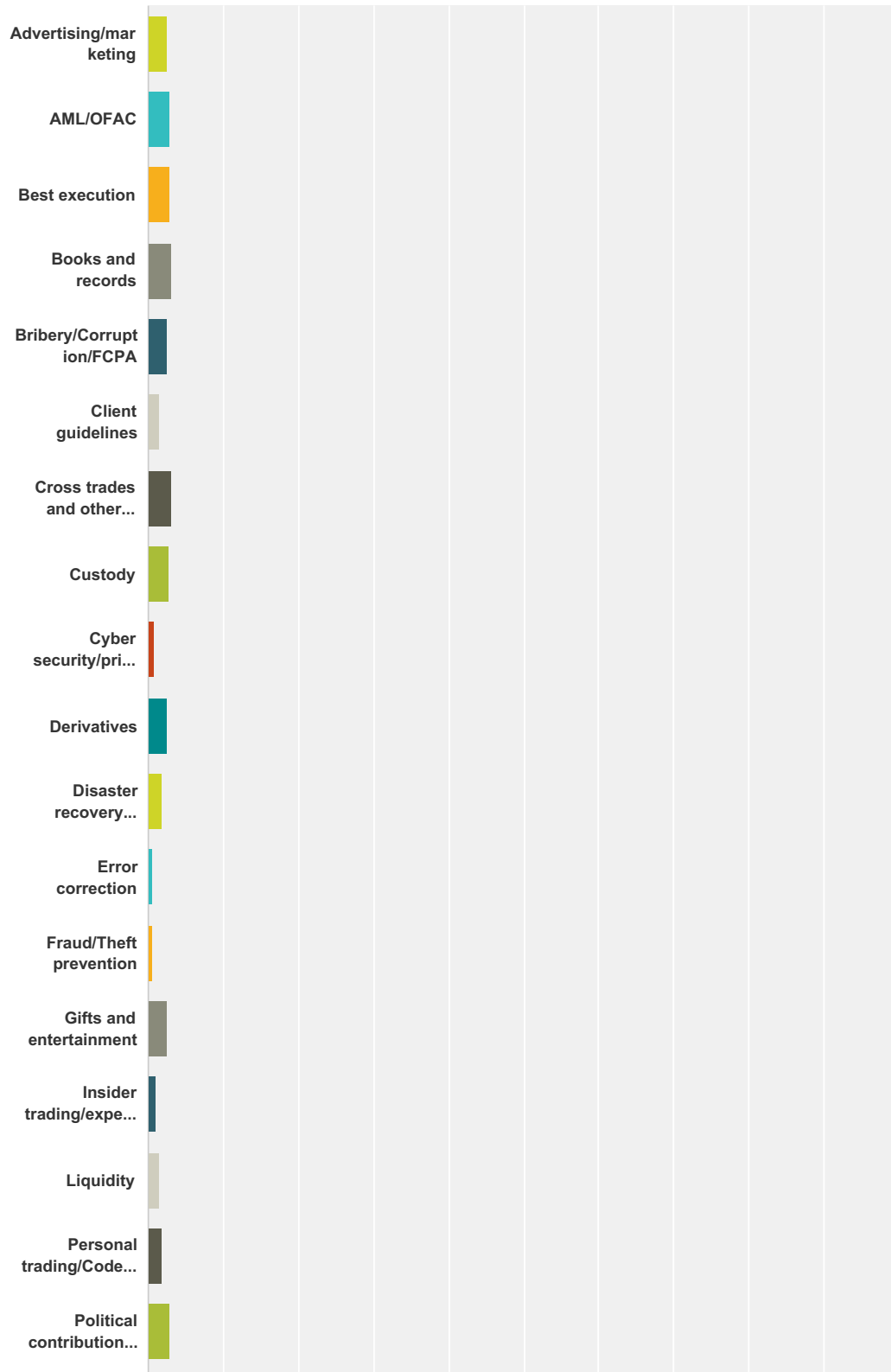
Answer Choices	Responses	
Advertising/marketing	40.32%	281
AML/OFAC	18.94%	132
Best execution	29.99%	209
Books and records	21.38%	149
Client guidelines	17.07%	119
Cross trades and other trading issues	12.34%	86
Custody	19.08%	133
Cybersecurity/privacy/identity theft	74.32%	518
Derivatives	5.60%	39
Disaster recovery planning	31.42%	219
Error correction	9.61%	67
Fraud/Theft prevention	13.20%	92
Gifts and entertainment	22.96%	160

2016 Investment Management Compliance Testing Survey

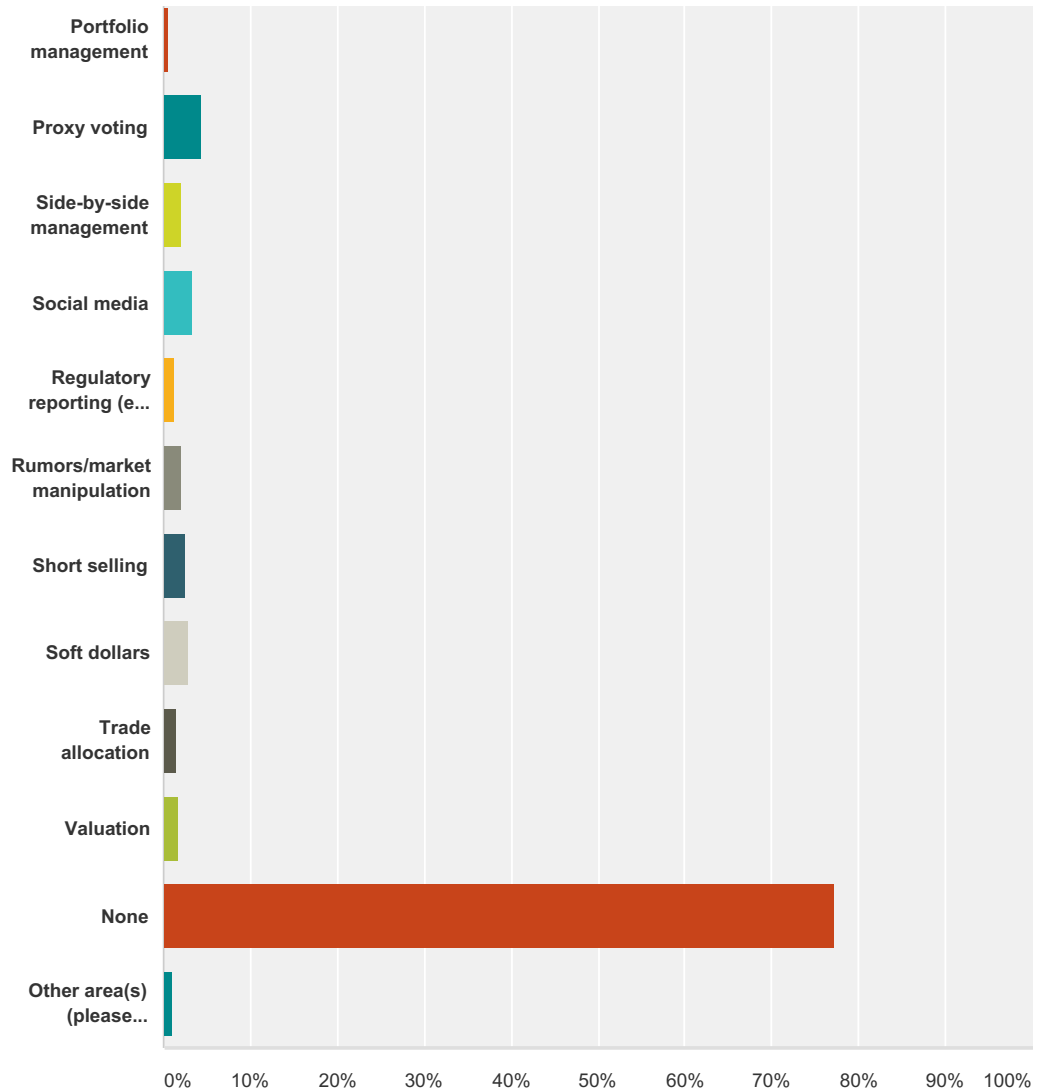
Insider trading/expert networks	16.93%	118
Liquidity	5.74%	40
Personal trading/Code of Ethics	33.57%	234
Political contributions/Pay-to-play	18.36%	128
Portfolio management	11.76%	82
Proxy voting	11.05%	77
Side-by-side management	6.74%	47
Social media	20.80%	145
Regulatory reporting (e.g. Form ADV, Form 13F)	15.21%	106
Rumors/market manipulation	2.87%	20
Short selling	2.30%	16
Soft dollars	9.76%	68
Trade allocation	21.38%	149
Valuation	18.36%	128
None	5.88%	41
Other area(s) (please specify):	5.45%	38
Total Respondents: 697		

Q13 In which of the following areas have you decreased the type, scope, and/or frequency of compliance testing (since January 1, 2015)? (check all that apply)

Answered: 697 Skipped: 34



2016 Investment Management Compliance Testing Survey



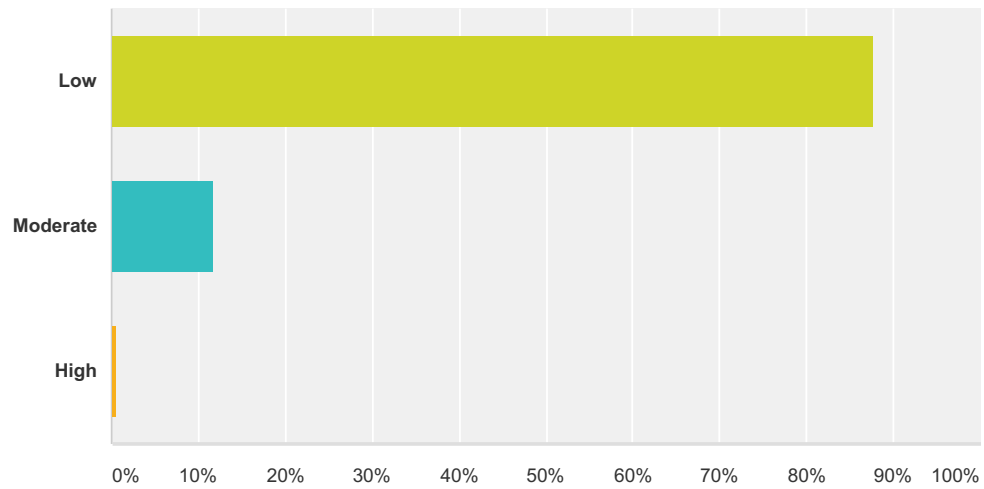
Answer Choices	Responses
Advertising/marketing	2.58% 18
AML/OFAC	3.01% 21
Best execution	2.87% 20
Books and records	3.16% 22
Bribery/Corruption/FCPA	2.58% 18
Client guidelines	1.43% 10
Cross trades and other trading issues	3.16% 22
Custody	2.73% 19
Cyber security/privacy/identity theft	0.86% 6
Derivatives	2.44% 17
Disaster recovery planning	1.87% 13
Error correction	0.72% 5

2016 Investment Management Compliance Testing Survey

Fraud/Theft prevention	0.57%	4
Gifts and entertainment	2.44%	17
Insider trading/expert networks	1.15%	8
Liquidity	1.43%	10
Personal trading/Code of Ethics	1.87%	13
Political contributions/Pay-to-play	2.87%	20
Portfolio management	0.57%	4
Proxy voting	4.45%	31
Side-by-side management	2.01%	14
Social media	3.30%	23
Regulatory reporting (e.g. Form ADV, Form 13F)	1.29%	9
Rumors/market manipulation	2.15%	15
Short selling	2.44%	17
Soft dollars	2.87%	20
Trade allocation	1.43%	10
Valuation	1.58%	11
None	77.33%	539
Other area(s) (please specify):	1.00%	7
Total Respondents: 697		

Q14 How would you assess your firm's AML-related risk?

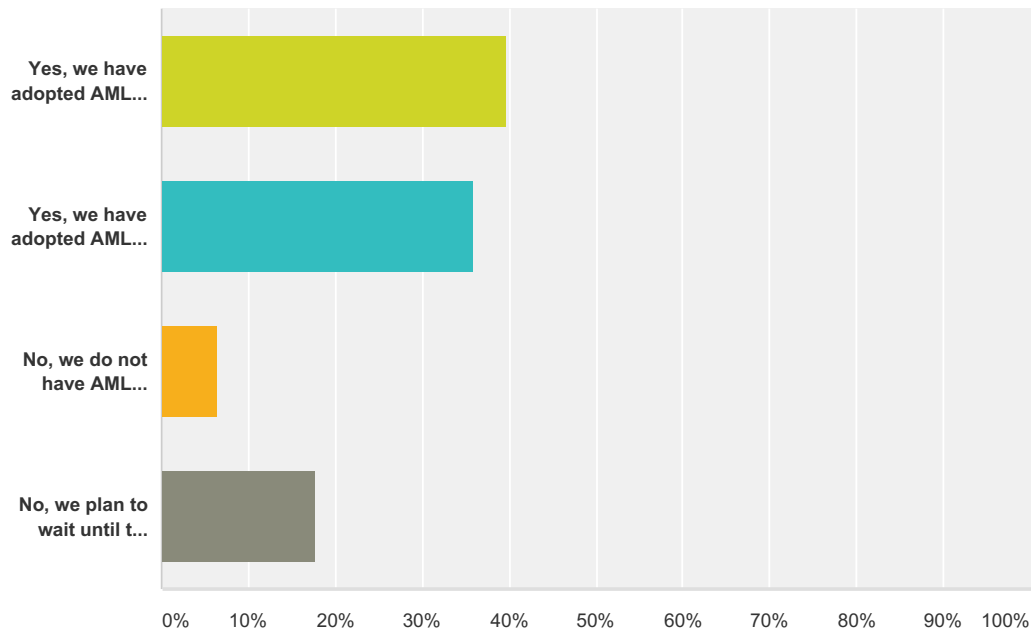
Answered: 691 Skipped: 40



Answer Choices	Responses
Low	87.70% 606
Moderate	11.72% 81
High	0.58% 4
Total	691

Q15 Have you adopted AML policies and procedures?

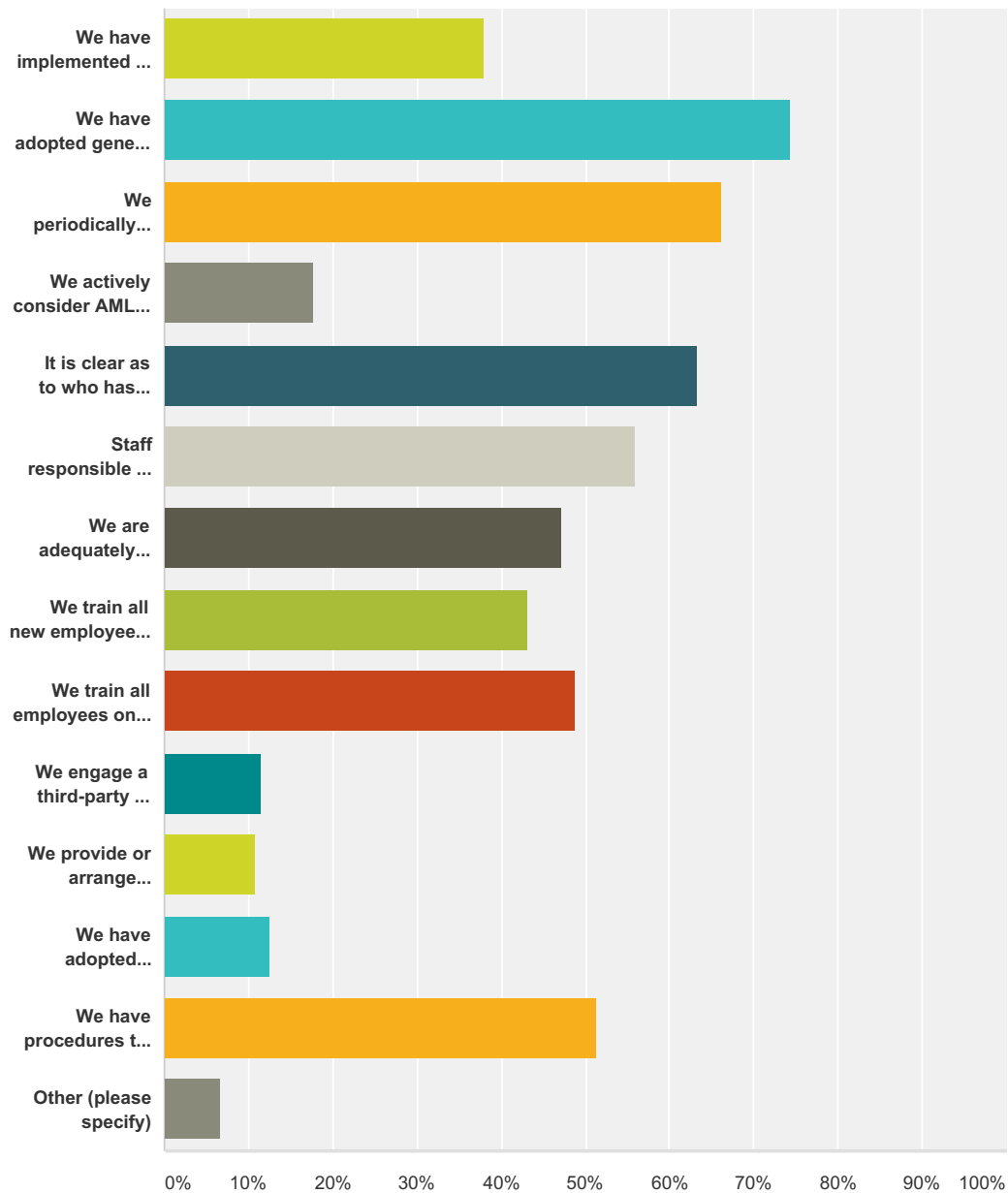
Answered: 690 Skipped: 41



Answer Choices	Responses	
Yes, we have adopted AML policies and procedures in line with the rules recently proposed by FinCEN.	39.71%	274
Yes, we have adopted AML policies and procedures but they are not in line with FinCEN's proposed rules.	35.94%	248
No, we do not have AML policies and procedures, but plan to before the FinCen rules are finalized.	6.52%	45
No, we plan to wait until the FinCEN rules are finalized.	17.83%	123
Total		690

Q16 What do your AML policies and procedures address? (check all that apply)

Answered: 517 Skipped: 214



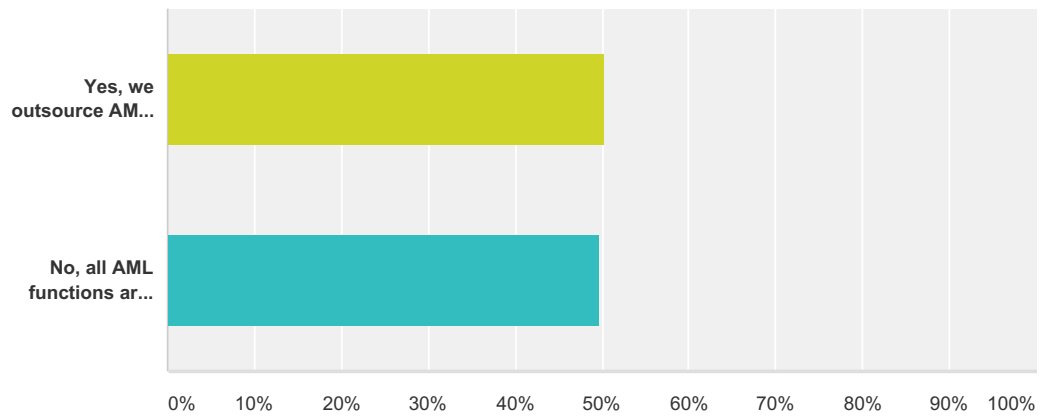
Answer Choices	Responses
We have implemented a customized formal AML program to manage and monitor AML activities across our business.	37.91% 196
We have adopted general policies to address the type of AML risks associated with our business.	74.27% 384
We periodically review our policy to ensure that it appropriately addresses our firm's AML risks.	66.15% 342
We actively consider AML risk when designing new products.	17.79% 92
It is clear as to who has responsibility for AML matters at the firm.	63.25% 327

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Staff responsible for AML matters at the firm have sufficient seniority and experience.	55.90%	289
We are adequately resourced to deal with AML risk matters affecting the firm.	47.20%	244
We train all new employees on our AML policies.	43.13%	223
We train all employees on at least an annual basis on our AML policies.	48.94%	253
We engage a third-party to provide periodic training to employees.	11.41%	59
We provide or arrange specialist training for staff with oversight or responsibility for AML oversight.	10.83%	56
We have adopted disciplinary procedures to address violations of our AML policies.	12.57%	65
We have procedures to appropriately escalate and report allegations of AML compliance issues.	51.26%	265
Other (please specify)	6.77%	35
Total Respondents: 517		

Q17 Do you outsource any AML functions to third-parties?

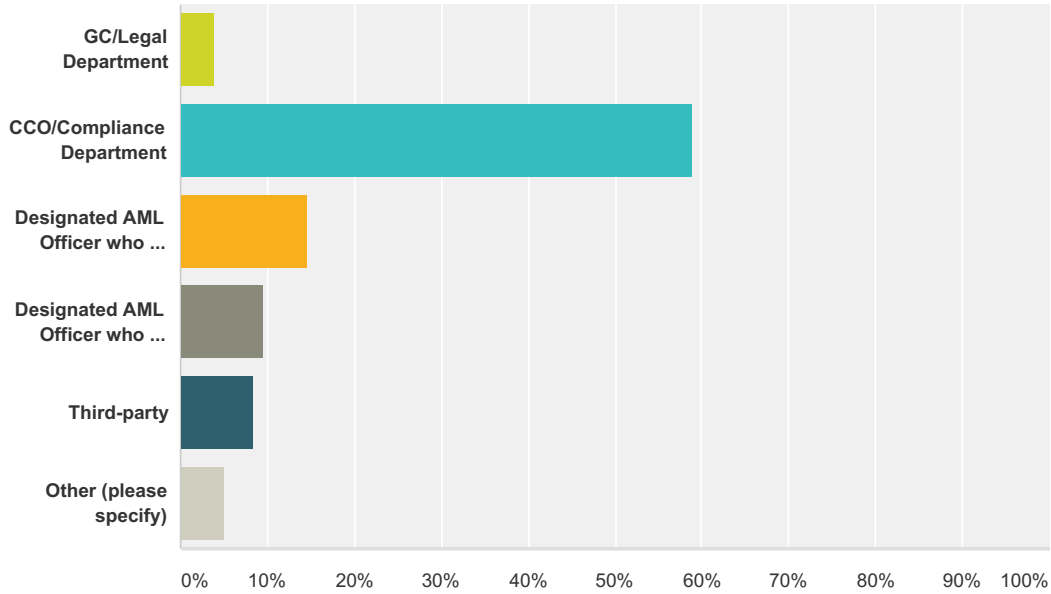
Answered: 671 Skipped: 60



Answer Choices	Responses
Yes, we outsource AML functions to third-parties	50.22% 337
No, all AML functions are performed internally	49.78% 334
Total	671

Q18 Who is the primary person/department responsible for the development and administration of AML controls?

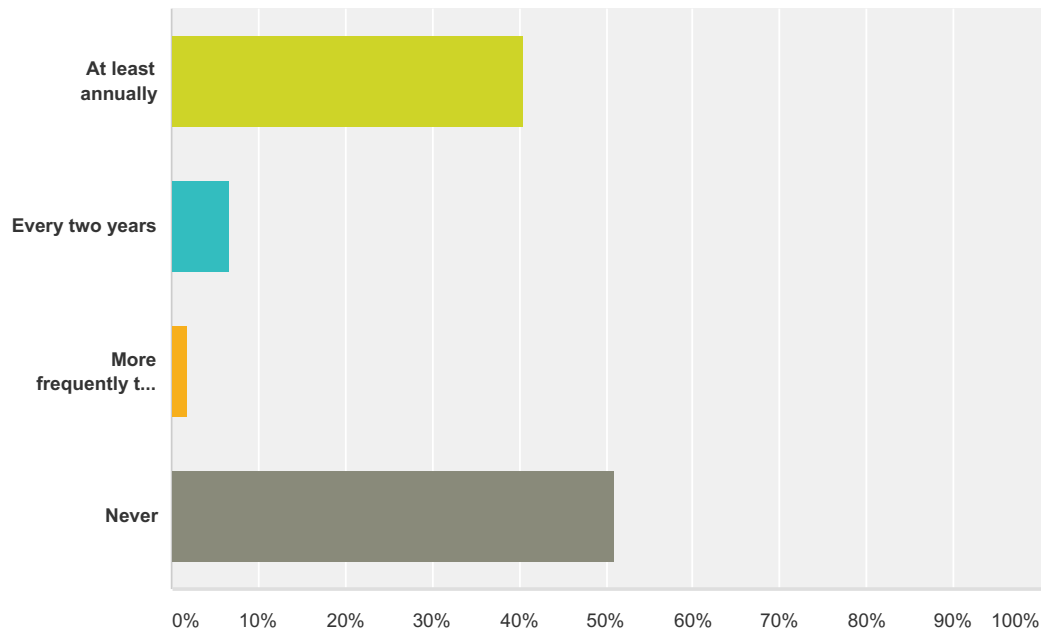
Answered: 672 Skipped: 59



Answer Choices	Responses
GC/Legal Department	3.87% 26
CCO/Compliance Department	58.78% 395
Designated AML Officer who is also the GC/CCO	14.58% 98
Designated AML Officer who is other than the GC/CCO	9.52% 64
Third-party	8.33% 56
Other (please specify)	4.91% 33
Total	672

Q19 How often does your firm's AML program undergo independent testing?

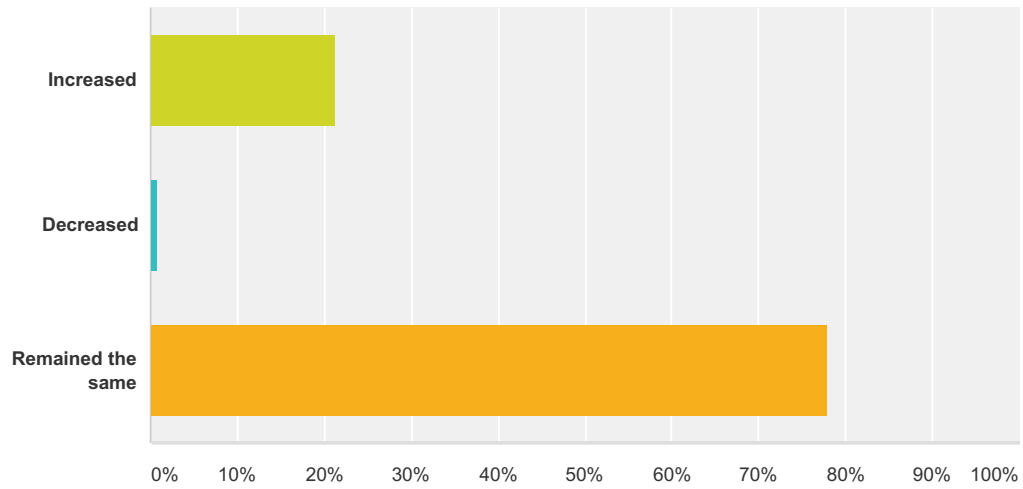
Answered: 670 Skipped: 61



Answer Choices	Responses	Count
At least annually	40.60%	272
Every two years	6.72%	45
More frequently than annually	1.79%	12
Never	50.90%	341
Total		670

Q20 With regard to the level of resources dedicated to AML activities compared to prior years, would you say it has:

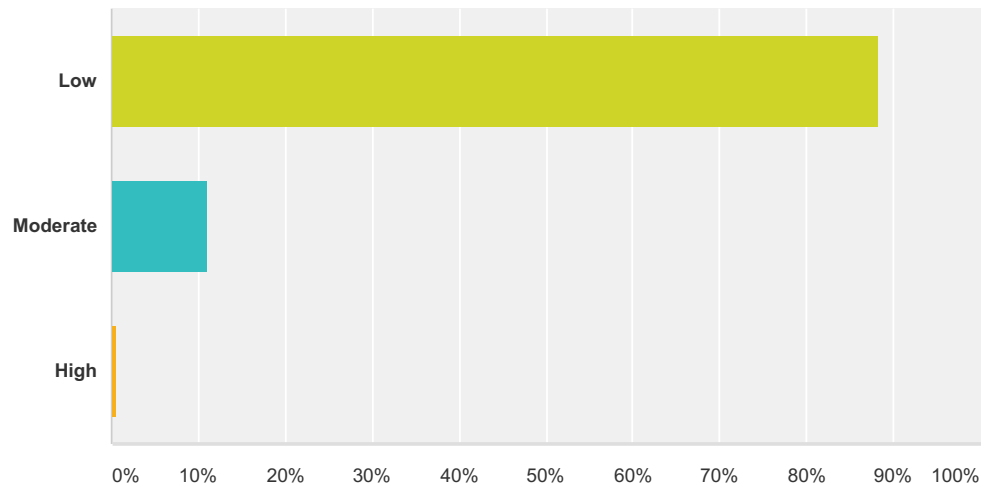
Answered: 674 Skipped: 57



Answer Choices	Responses	Count
Increased	21.22%	143
Decreased	0.89%	6
Remained the same	77.89%	525
Total		674

Q21 How would you assess your firm's ABC-related risk?

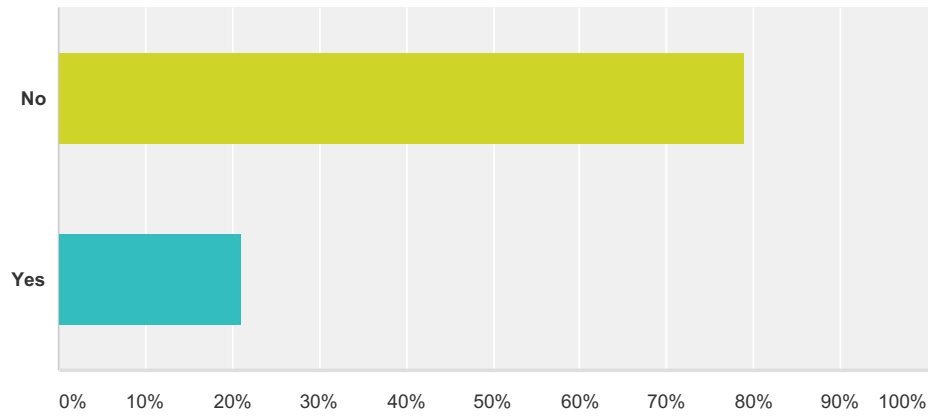
Answered: 675 Skipped: 56



Answer Choices	Responses
Low	88.30% 596
Moderate	11.11% 75
High	0.59% 4
Total	675

Q22 Are your firm’s ABC-related activities regulated by governments other than the U.S.?

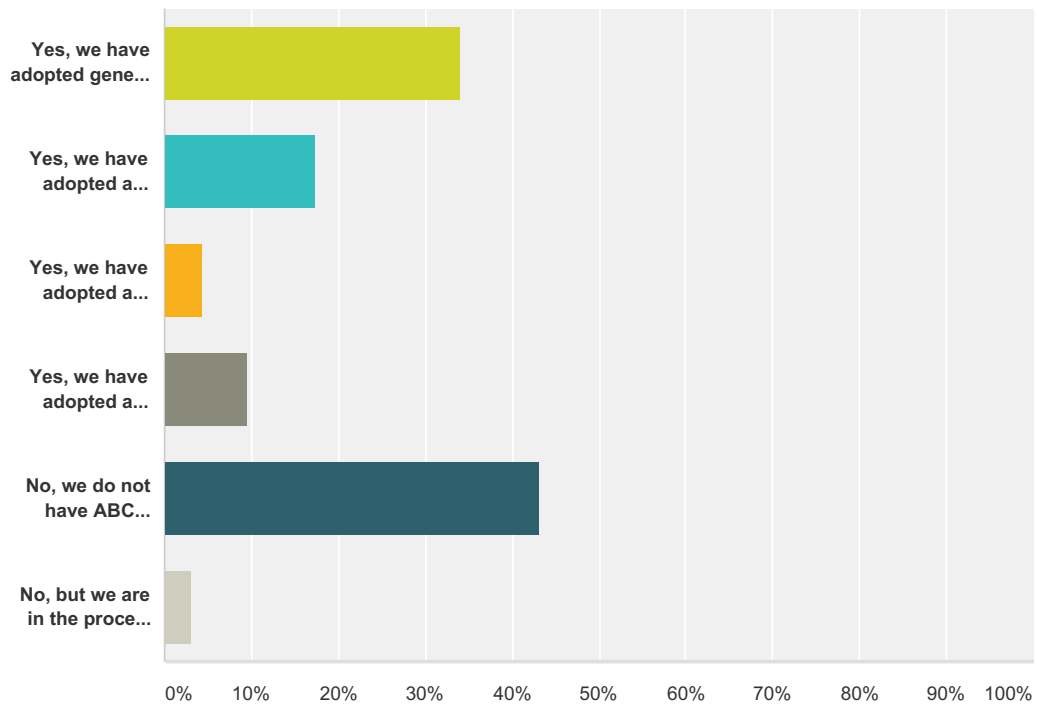
Answered: 666 Skipped: 65



Answer Choices	Responses
No	78.98% 526
Yes	21.02% 140
Total	666

Q23 Have you adopted ABC policies and procedures?

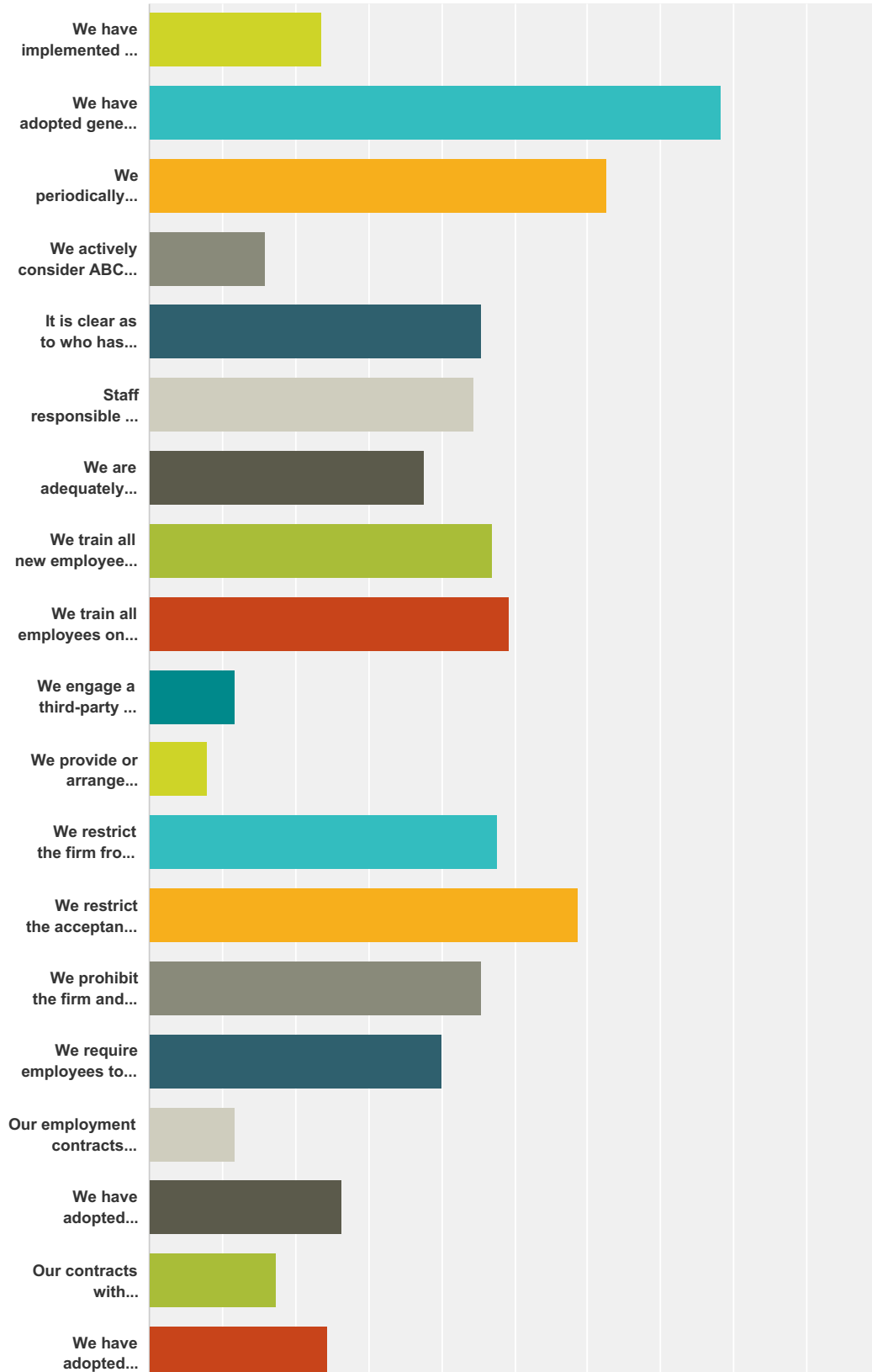
Answered: 672 Skipped: 59



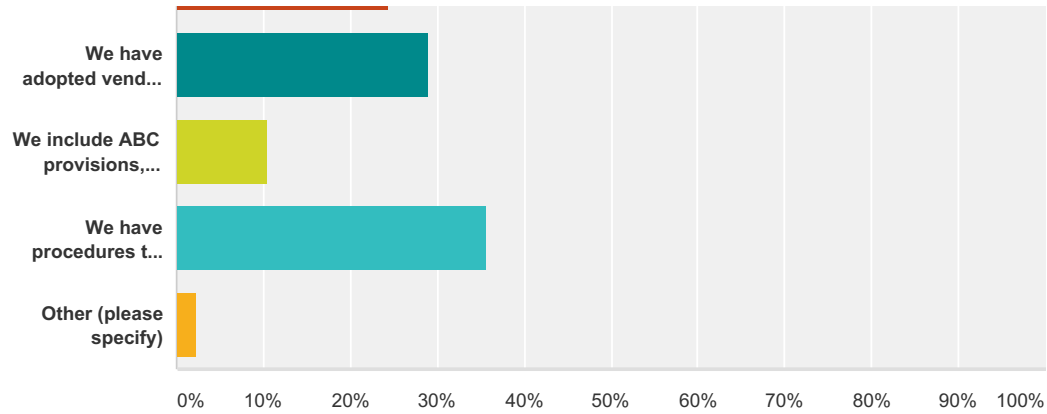
Answer Choices	Responses	
Yes, we have adopted general ABC policies and procedures in accordance with best practices.	33.93%	228
Yes, we have adopted a formal compliance program in line with FCPA requirements.	17.26%	116
Yes, we have adopted a formal ABC compliance program in line with non-U.S. regulations.	4.46%	30
Yes, we have adopted a formal ABC compliance program in line with both FCPA and non-U.S. regulations.	9.67%	65
No, we do not have ABC policies and procedures.	43.15%	290
No, but we are in the process of adopting ABC policies and procedures.	3.13%	21
Total Respondents: 672		

Q24 What policies and procedures has your firm adopted to address ABC? (check all that apply)

Answered: 351 Skipped: 380



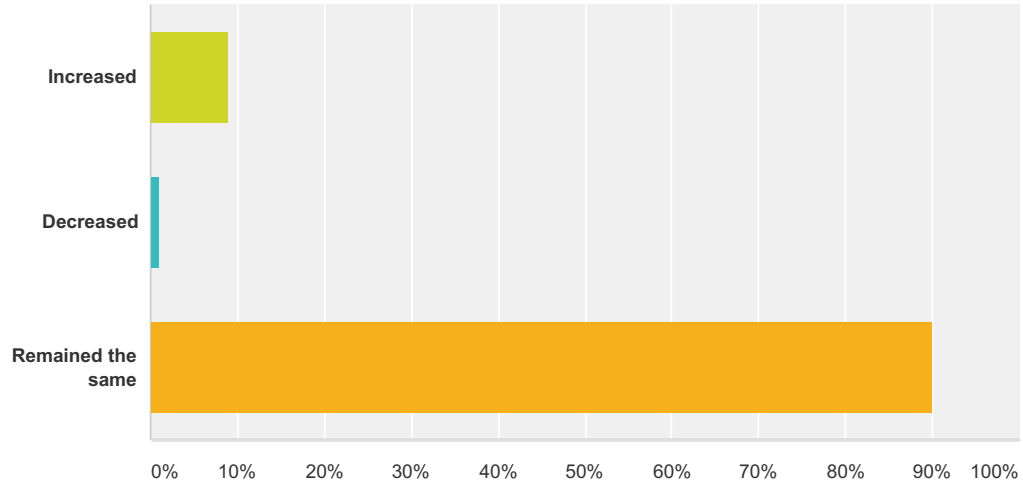
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Answer Choices	Responses
We have implemented a customized formal ABC program to manage and monitor ABC activities across our business.	23.65% 83
We have adopted general policies to address the type of ABC risks associated with our business.	78.35% 275
We periodically review our policy to ensure that it appropriately addresses our firm's ABC risks.	62.68% 220
We actively consider ABC risk when designing new products.	15.95% 56
It is clear as to who has responsibility for ABC matters at the firm.	45.58% 160
Staff responsible for ABC matters at the firm have sufficient seniority and experience.	44.44% 156
We are adequately resourced to deal with ABC risk matters affecting the firm.	37.61% 132
We train all new employees on our ABC policies.	47.01% 165
We train all employees on at least an annual basis on our ABC policies.	49.29% 173
We engage a third-party to provide periodic training to employees.	11.68% 41
We provide or arrange specialist training for staff with oversight or responsibility for ABC oversight.	7.98% 28
We restrict the firm from making contributions to political parties, organizations or individuals engaged in politics.	47.58% 167
We restrict the acceptance and provision of gifts or corporate hospitality to comply with firm policy and relevant local regulatory requirements.	58.69% 206
We prohibit the firm and its employees from giving or receiving money for business purposes (excluding approved charitable contributions).	45.58% 160
We require employees to periodically certify that no money was inappropriately provided/received.	40.17% 141
Our employment contracts include contractual obligations and penalties for bribery, corruption and other ABCs.	11.68% 41
We have adopted disciplinary procedures to address violations of our ABC policies.	26.21% 92
Our contracts with third-parties require that they agree not to violate FCPA and/or UK Bribery Act/ other applicable laws.	17.38% 61
We have adopted authorization procedures prior to payments being made to a third- party.	24.50% 86
We have adopted vendor selection approval processes.	29.06% 102
We include ABC provisions, termination and audit rights in contracts with third-parties.	10.54% 37
We have procedures to appropriately escalate and report allegations of ABC.	35.61% 125
Other (please specify)	2.28% 8
Total Respondents: 351	

Q25 With regard to the level of resources dedicated to ABC activities compared to prior years, would you say it has:

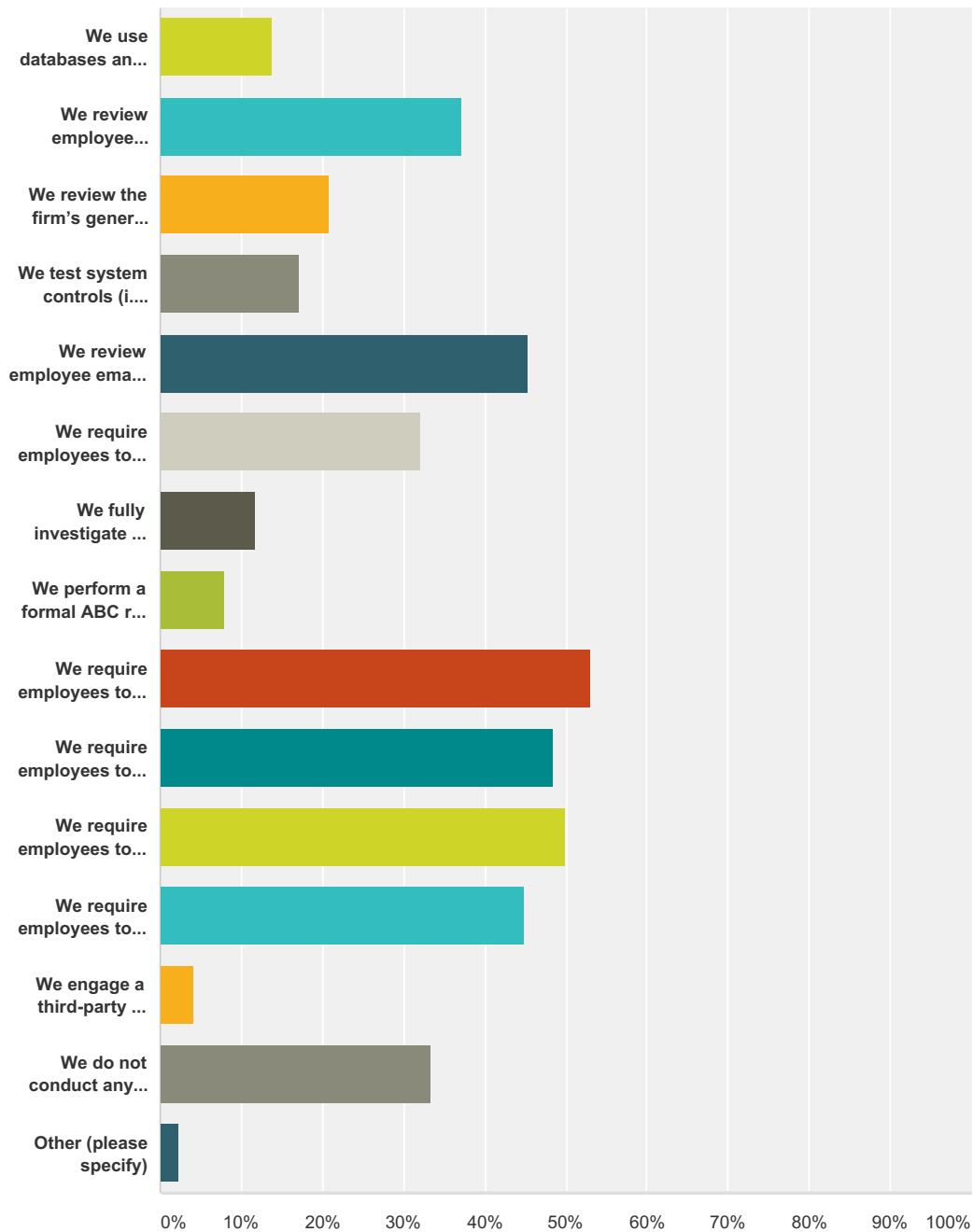
Answered: 653 Skipped: 78



Answer Choices	Responses	
Increased	9.04%	59
Decreased	1.07%	7
Remained the same	89.89%	587
Total		653

Q26 How does your firm monitor for ABC? (check all that apply)

Answered: 650 Skipped: 81



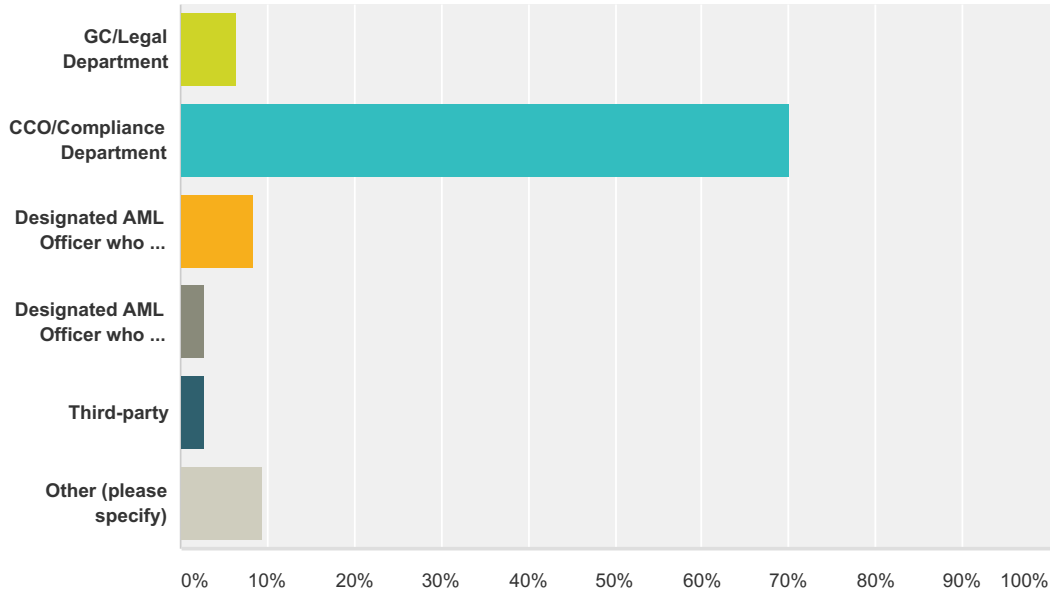
Answer Choices	Responses
We use databases and payment systems to screen any suspicious activities.	13.69% 89
We review employee expense reports and commission reports for suspicious transactions.	37.08% 241
We review the firm's general ledgers for suspicious transactions.	20.92% 136
We test system controls (i.e., access logic, passwords) to ensure systems are limited to necessary person(s).	17.08% 111

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We review employee emails to detect potential ABC.	45.23%	294
We require employees to certify on a periodic basis that they comply with the ABC policy.	32.15%	209
We fully investigate any allegations of ABC using appropriately skilled individuals.	11.69%	76
We perform a formal ABC risk assessment across the business.	7.85%	51
We require employees to periodically report gifts received.	53.08%	345
We require employees to periodically report entertainment received.	48.46%	315
We require employees to periodically report gifts provided.	50.00%	325
We require employees to periodically report entertainment provided.	44.92%	292
We engage a third-party to conduct ABC testing.	4.15%	27
We do not conduct any testing for ABC.	33.38%	217
Other (please specify)	2.31%	15
Total Respondents: 650		

Q27 Who is the primary person/department responsible for the development and administration of ABC controls?

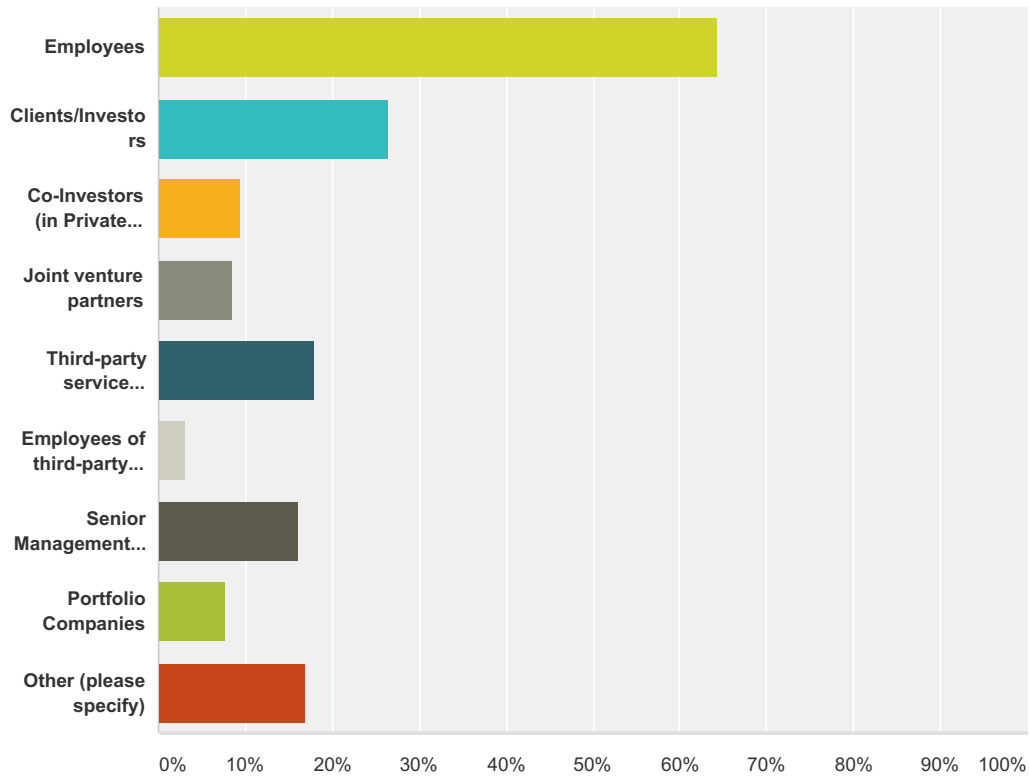
Answered: 627 Skipped: 104



Answer Choices	Responses
GC/Legal Department	6.54% 41
CCO/Compliance Department	70.18% 440
Designated AML Officer who is also the GC/CCO	8.45% 53
Designated AML Officer who is other than the GC/CCO	2.71% 17
Third-party	2.71% 17
Other (please specify)	9.41% 59
Total	627

Q28 On which of the following parties does your firm conduct formal ABC due diligence? (check all that apply)

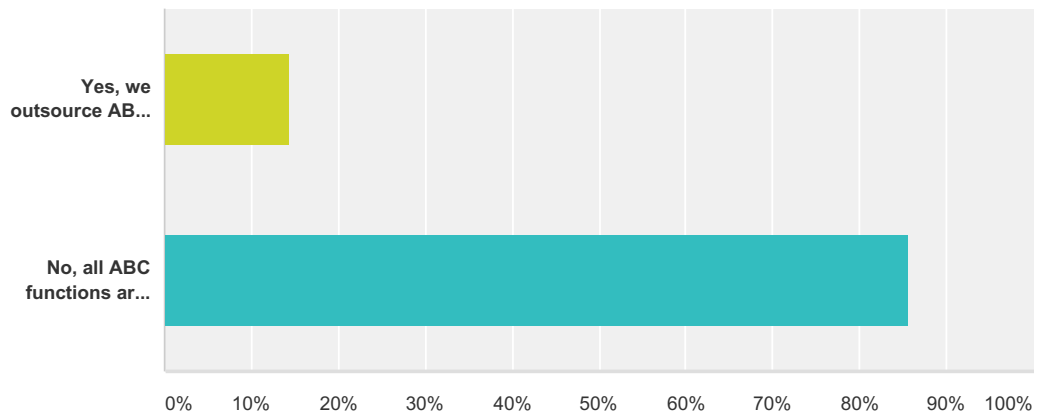
Answered: 541 Skipped: 190



Answer Choices	Responses
Employees	64.33% 348
Clients/Investors	26.62% 144
Co-Investors (in Private Equity)	9.43% 51
Joint venture partners	8.50% 46
Third-party service providers	17.93% 97
Employees of third-party service providers	3.14% 17
Senior Management associated with investments	16.08% 87
Portfolio Companies	7.76% 42
Other (please specify)	16.82% 91
Total Respondents: 541	

Q29 Do you outsource any ABC functions to third-parties?

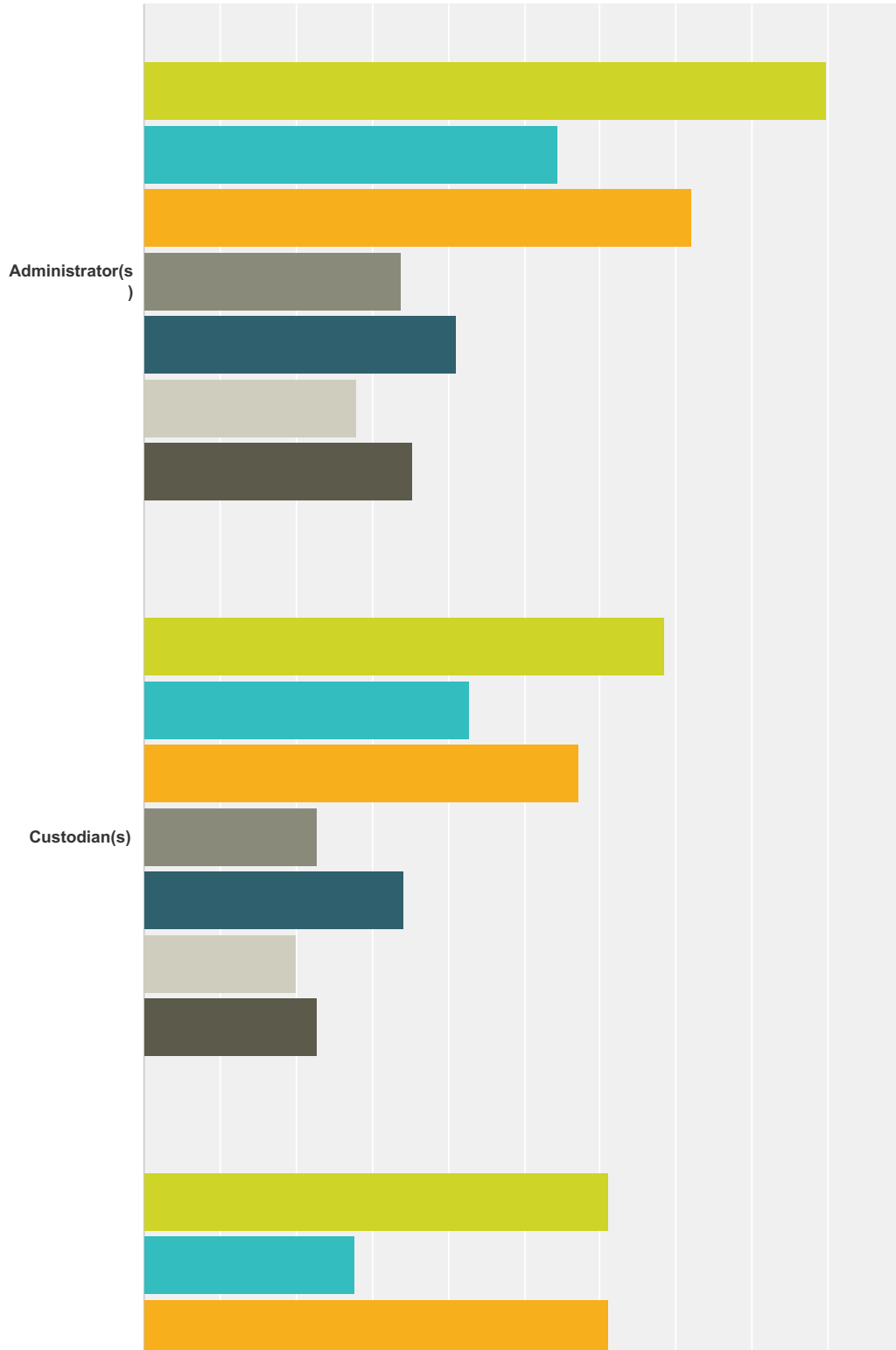
Answered: 623 Skipped: 108



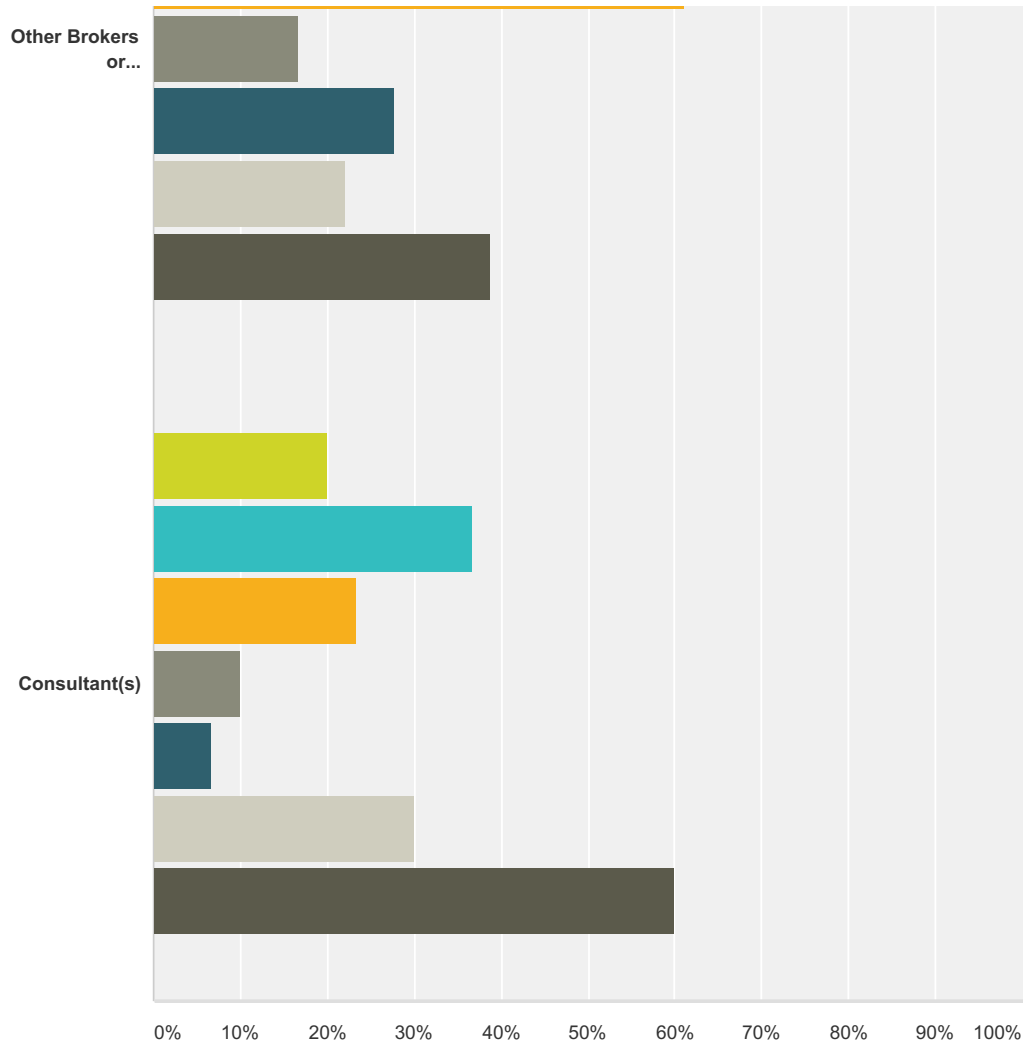
Answer Choices	Responses
Yes, we outsource ABC functions to third-parties.	14.45% 90
No, all ABC functions are performed internally.	85.55% 533
Total	623

Q30 You indicated that you outsource ABC functions to third-parties. Please complete the following table to indicate the functions outsourced and the third-party performing the function.

Answered: 90 Skipped: 641



2016 Investment Management Compliance Testing Survey

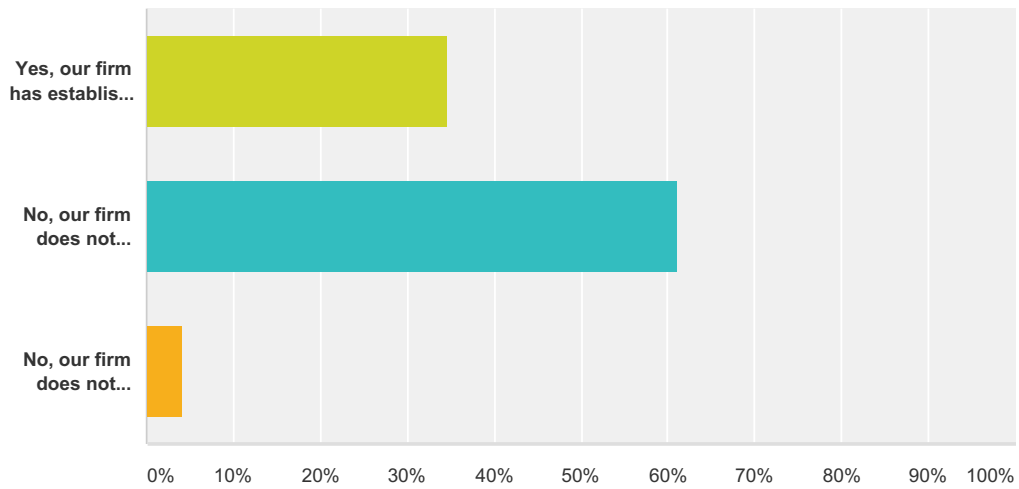


- Customer Identification Program
- Foreign Investment Due Diligence
- Suspicious Activity Monitoring
- Information Sharing
- Government Communication and Filing
- Training
- Program Testing

	Customer Identification Program	Foreign Investment Due Diligence	Suspicious Activity Monitoring	Information Sharing	Government Communication and Filing	Training	Program Testing	Total Respondents
Administrator(s)	89.71% 61	54.41% 37	72.06% 49	33.82% 23	41.18% 28	27.94% 19	35.29% 24	68
Custodian(s)	68.57% 24	42.86% 15	57.14% 20	22.86% 8	34.29% 12	20.00% 7	22.86% 8	35
Other Brokers or Intermediaries	61.11% 11	27.78% 5	61.11% 11	16.67% 3	27.78% 5	22.22% 4	38.89% 7	18
Consultant(s)	20.00% 6	36.67% 11	23.33% 7	10.00% 3	6.67% 2	30.00% 9	60.00% 18	30

Q31 Does your firm maintain a specific budget for compliance-related resources?

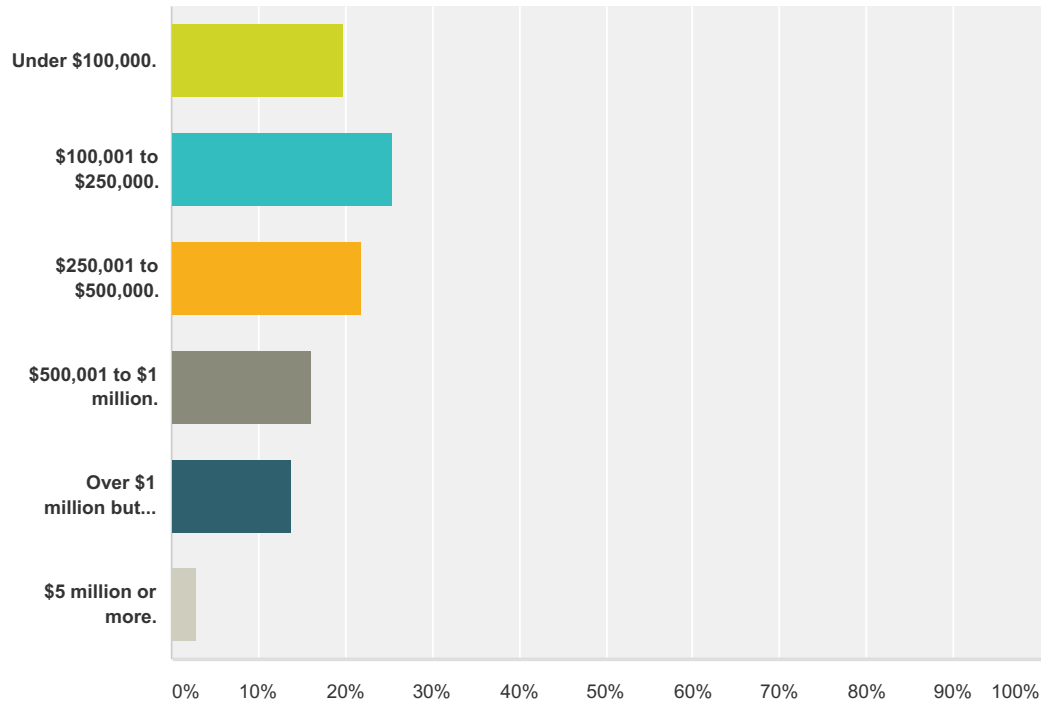
Answered: 645 Skipped: 86



Answer Choices	Responses
Yes, our firm has established a budget for compliance-related resources.	34.57% 223
No, our firm does not maintain a specific compliance budget, but requests for additional expenditures generally are granted as necessary to ensure that the compliance function is adequately resourced.	61.24% 395
No, our firm does not maintain a specific compliance budget and requests for additional expenditures generally are not granted.	4.19% 27
Total	645

Q32 How much did your firm incur in total compliance-related costs in 2015 (estimate)? Include compensation of the firm’s compliance professional(s) (roughly prorated if they wear multiple hats).

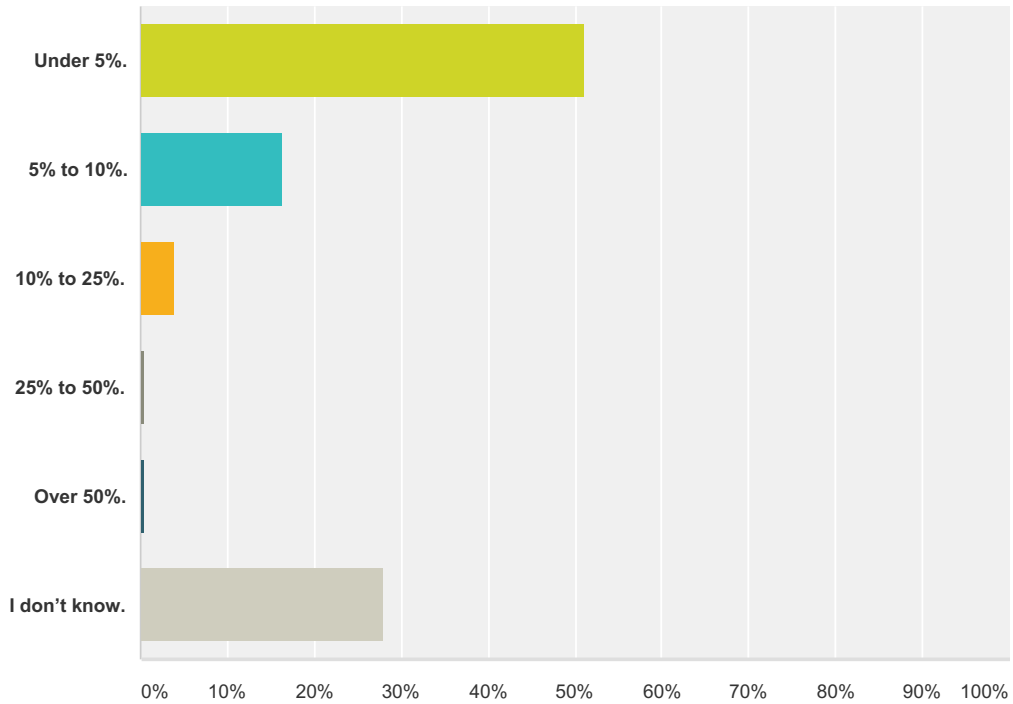
Answered: 634 Skipped: 97



Answer Choices	Responses
Under \$100,000.	19.87% 126
\$100,001 to \$250,000.	25.55% 162
\$250,001 to \$500,000.	21.92% 139
\$500,001 to \$1 million.	16.09% 102
Over \$1 million but less than \$5 million.	13.72% 87
\$5 million or more.	2.84% 18
Total	634

Q33 What percentage of your firm’s total revenue did your compliance budget represent in 2015 (estimate)? Include compensation of the firm’s compliance professional(s).

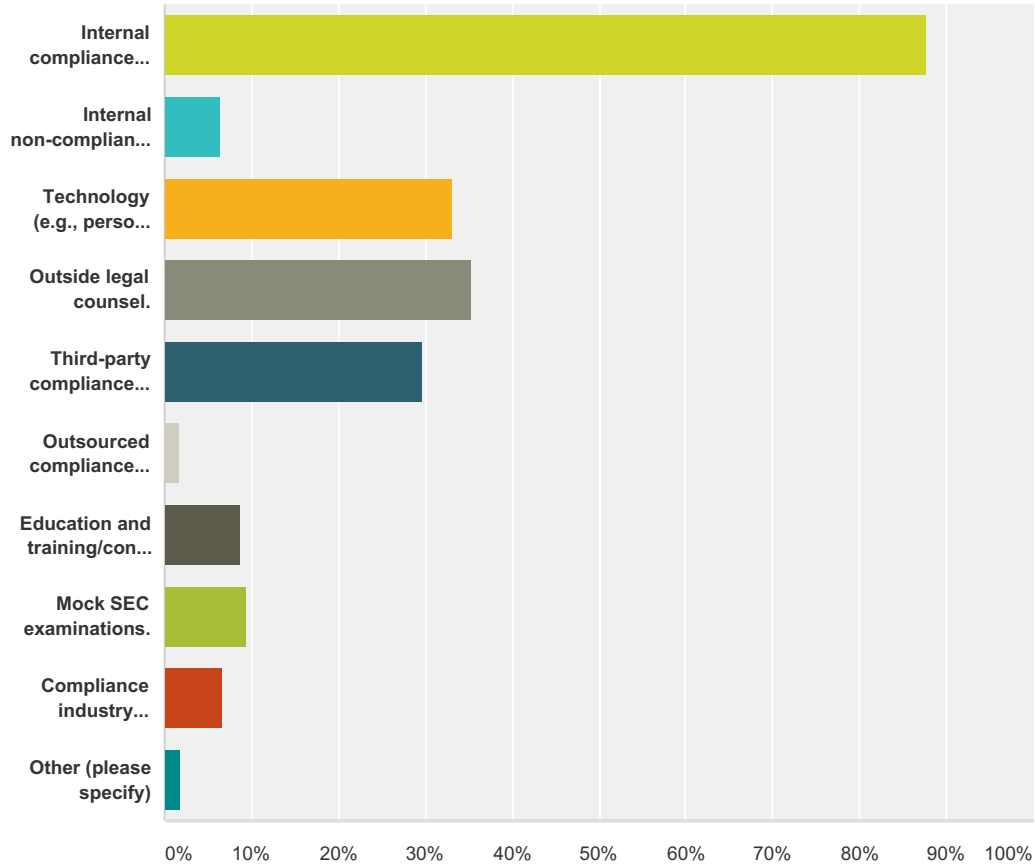
Answered: 635 Skipped: 96



Answer Choices	Responses
Under 5%.	51.18% 325
5% to 10%.	16.22% 103
10% to 25%.	3.94% 25
25% to 50%.	0.47% 3
Over 50%.	0.31% 2
I don't know.	27.87% 177
Total	635

Q34 Which of the following costs represent over 20% of your firm's compliance-related budget? (check all that apply)

Answered: 629 Skipped: 102



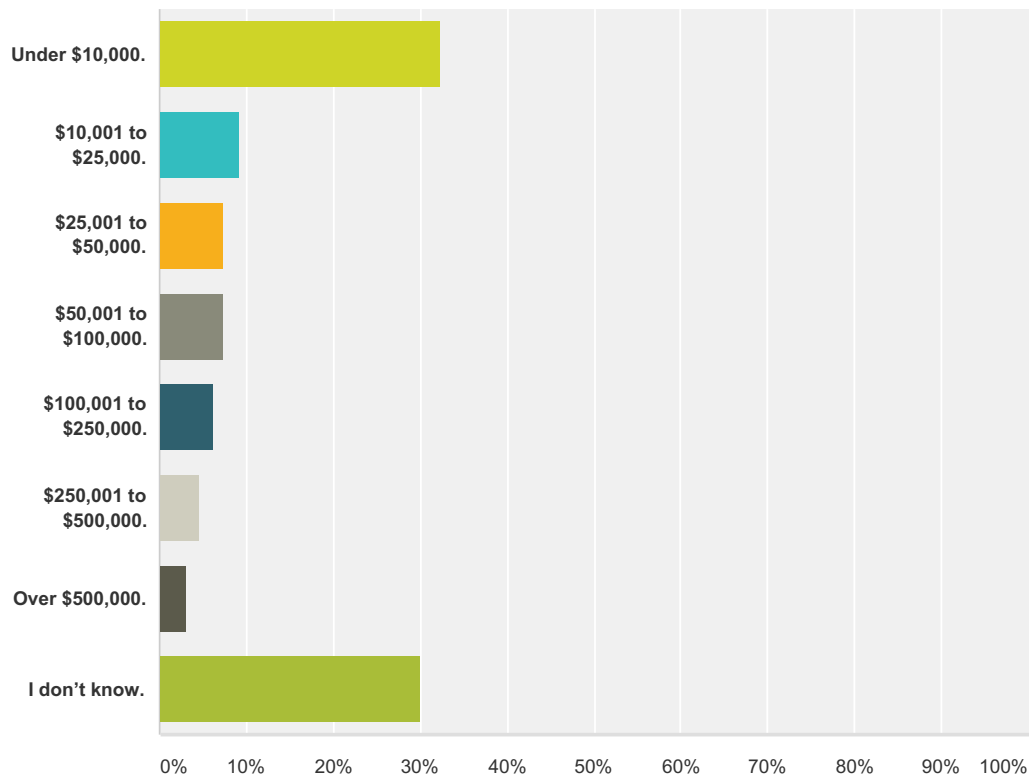
Answer Choices	Responses
Internal compliance personnel.	87.76% 552
Internal non-compliance personnel performing compliance tasks.	6.52% 41
Technology (e.g., personal trading software, email retention and surveillance systems, compliance functionality within order management and trading systems).	33.23% 209
Outside legal counsel.	35.29% 222
Third-party compliance consultants.	29.73% 187
Outsourced compliance officers.	1.59% 10
Education and training/conferences (other than as provided by outside legal counsel and third-party consultants).	8.74% 55
Mock SEC examinations.	9.38% 59
Compliance industry memberships and subscriptions.	6.68% 42

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Other (please specify)	1.91%	12
Total Respondents: 629		

Q35 How much did your firm incur in total custody-related compliance costs in 2015 (estimate)? In addition to fees paid to accountants for a surprise examination, internal control report, and annual audit of pooled vehicles, please include internal and other external time and costs (e.g., staff hours, outside counsel or consultants).

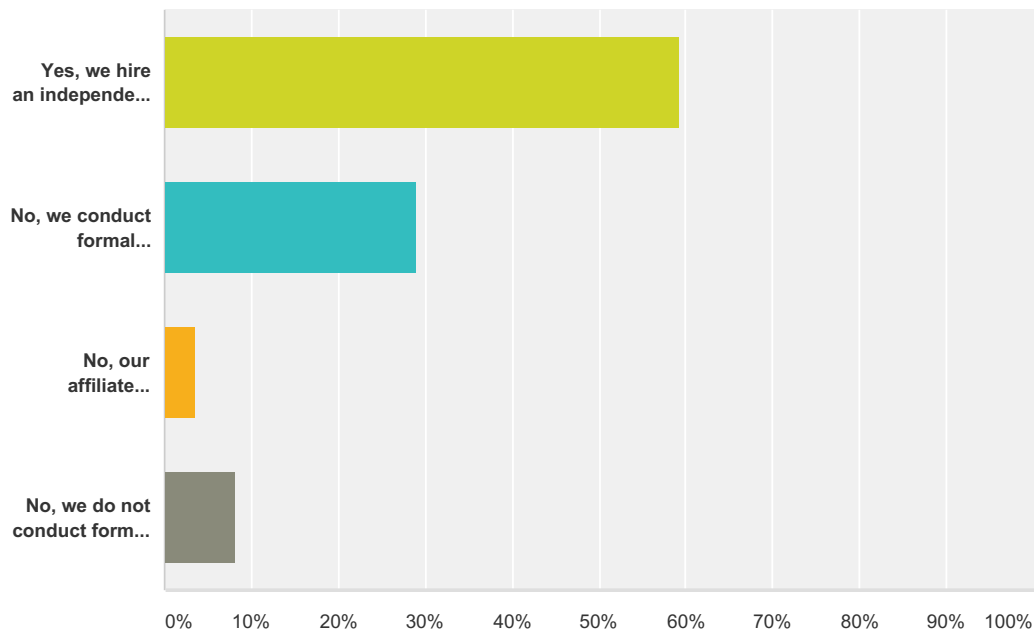
Answered: 623 Skipped: 108



Answer Choices	Responses	
Under \$10,000.	32.26%	201
\$10,001 to \$25,000.	9.15%	57
\$25,001 to \$50,000.	7.38%	46
\$50,001 to \$100,000.	7.22%	45
\$100,001 to \$250,000.	6.26%	39
\$250,001 to \$500,000.	4.49%	28
Over \$500,000.	3.21%	20
I don't know.	30.02%	187
Total		623

Q36 Has your firm hired an independent third-party to conduct a compliance review (i.e., examination, mock examination, or other compliance audit) within the past five years? For purposes of this question: “independent” does not include internal reviews or reviews by affiliated entities and “reviews” do not include surprise audits by an independent auditor under the Custody Rule, SSAE 16 reviews, reviews by custodian trading platforms, or GIPS verifications.

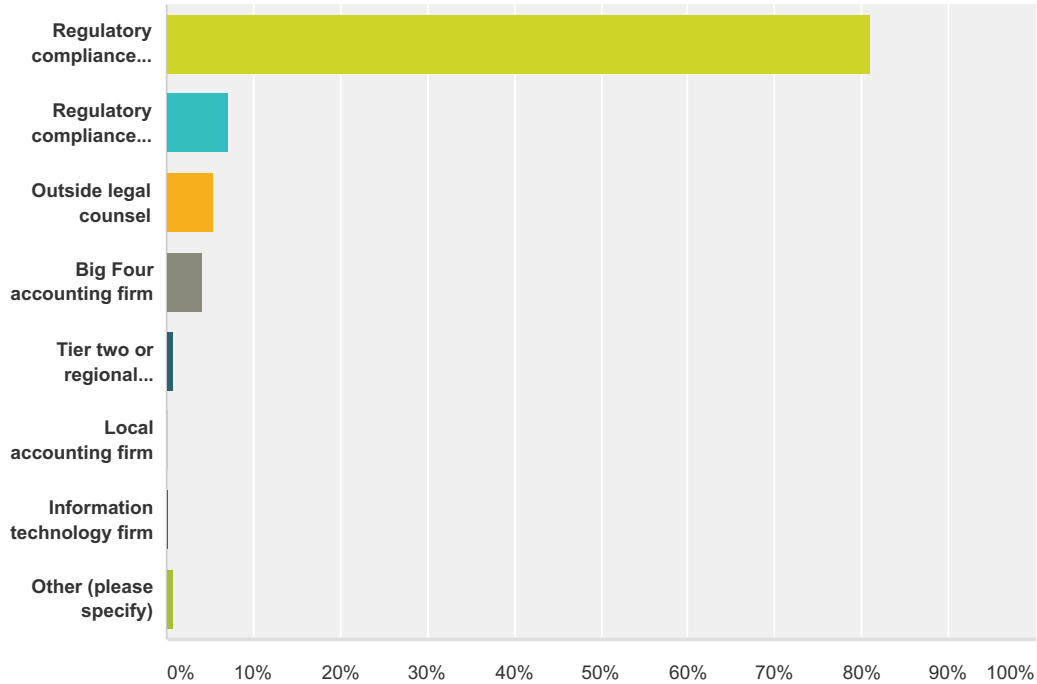
Answered: 639 Skipped: 92



Answer Choices	Responses
Yes, we hire an independent third party to conduct a compliance review.	59.31% 379
No, we conduct formal compliance reviews internally.	28.95% 185
No, our affiliate conducts formal compliance reviews internally.	3.60% 23
No, we do not conduct formal compliance reviews.	8.14% 52
Total	639

Q37 How would you describe the most recently engaged independent third-party hired to conduct the compliance review?

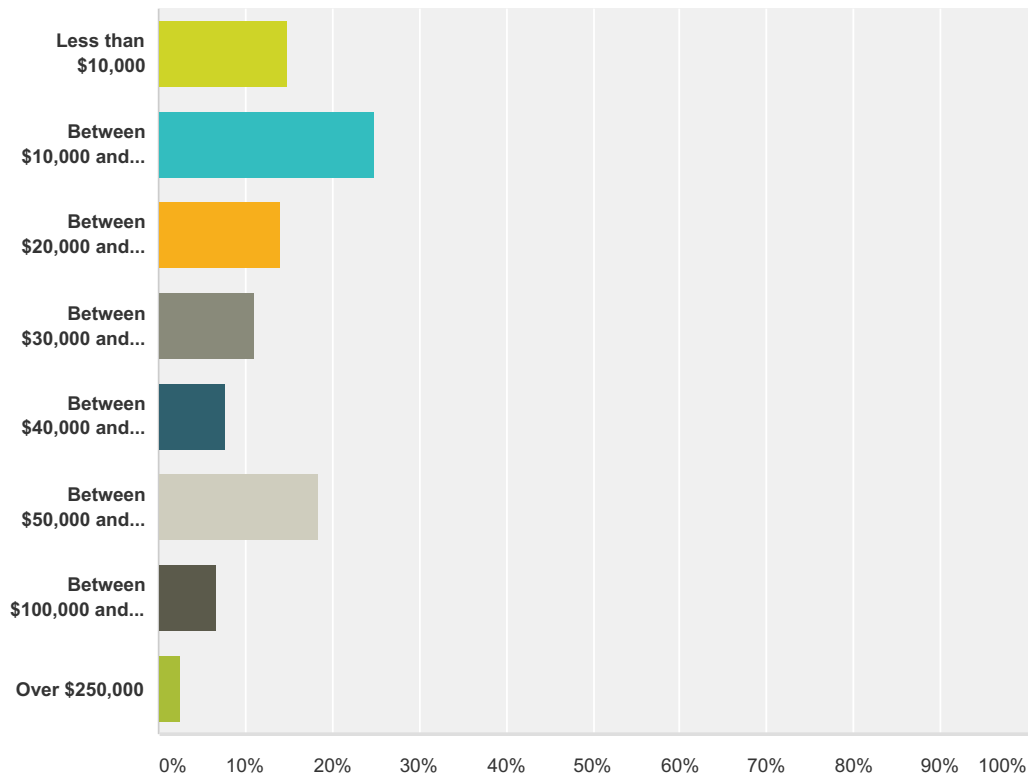
Answered: 381 Skipped: 350



Answer Choices	Responses
Regulatory compliance consulting firm	81.10% 309
Regulatory compliance consulting solo practitioner	7.09% 27
Outside legal counsel	5.51% 21
Big Four accounting firm	4.20% 16
Tier two or regional accounting firm	0.79% 3
Local accounting firm	0.26% 1
Information technology firm	0.26% 1
Other (please specify)	0.79% 3
Total	381

Q38 How much did your firm pay for the independent third-party compliance review?

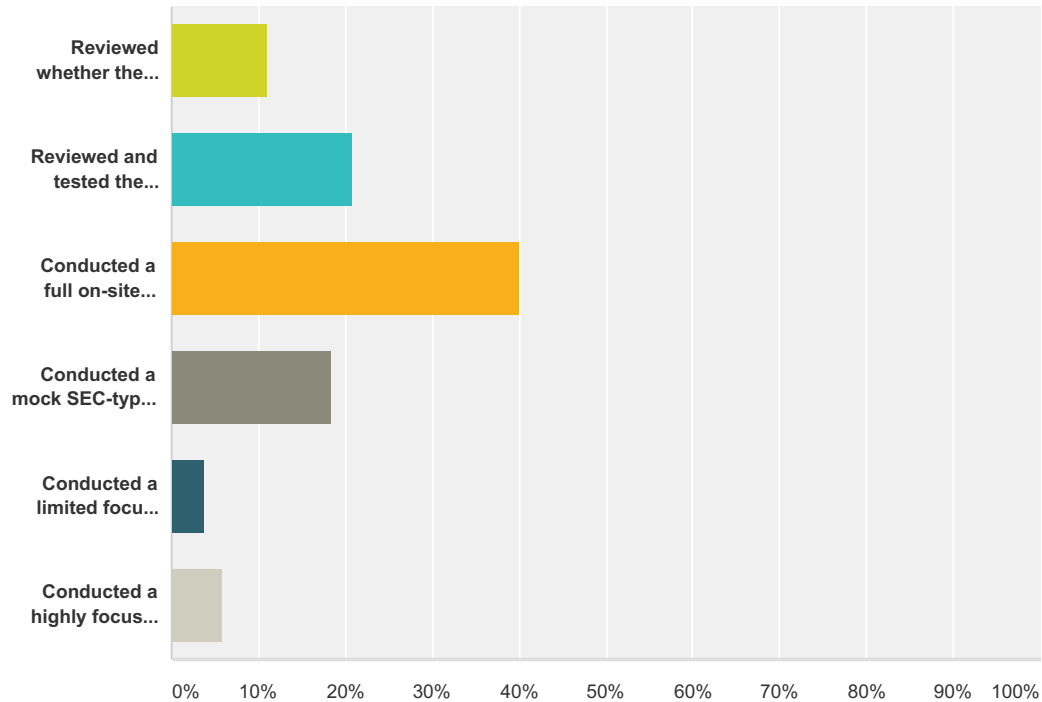
Answered: 371 Skipped: 360



Answer Choices	Responses
Less than \$10,000	14.82% 55
Between \$10,000 and \$20,000	24.80% 92
Between \$20,000 and \$30,000	14.02% 52
Between \$30,000 and \$40,000	11.05% 41
Between \$40,000 and \$50,000	7.82% 29
Between \$50,000 and \$100,000	18.33% 68
Between \$100,000 and \$250,000	6.74% 25
Over \$250,000	2.43% 9
Total	371

Q39 Which of the following best describes the nature and scope of the review conducted by the most recently engaged independent third-party?

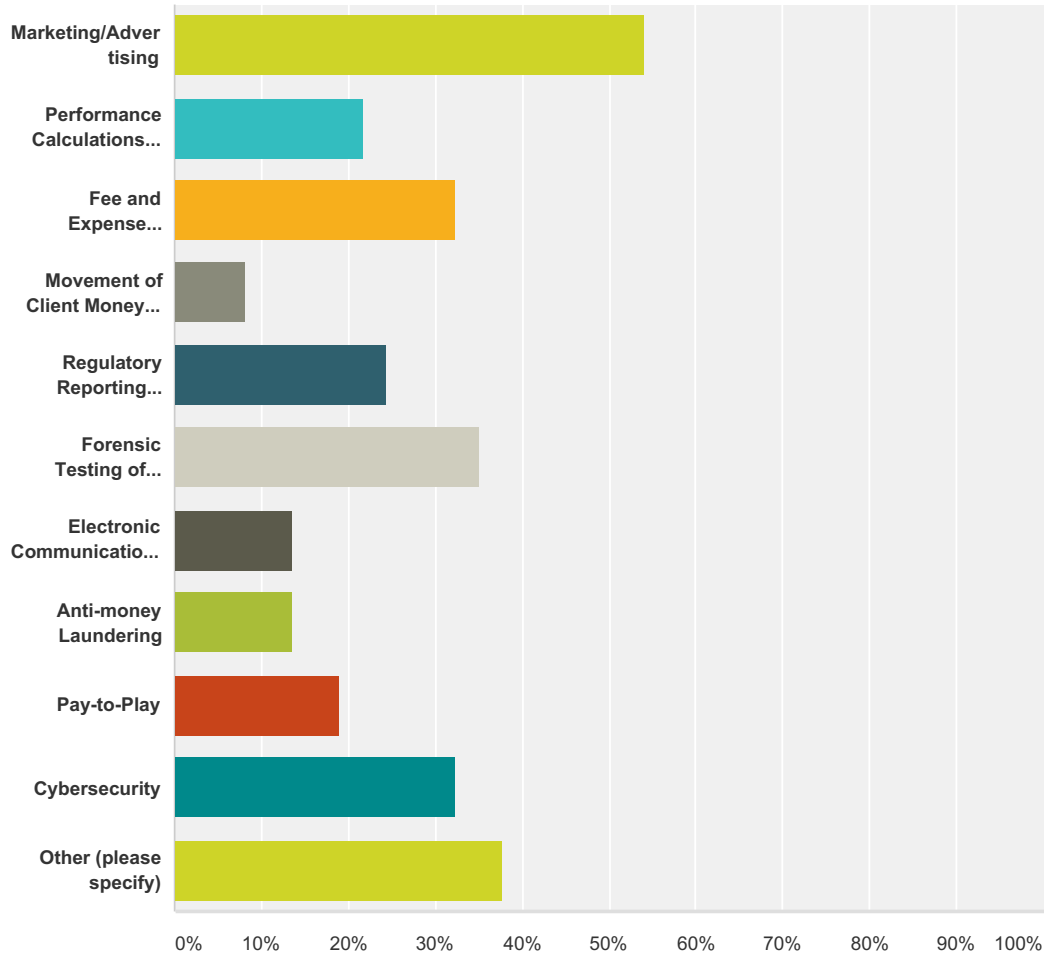
Answered: 379 Skipped: 352



Answer Choices	Responses
Reviewed whether the firm had the requisite policies and procedures in light of the firm's activities and services being provided, but did not do any testing.	11.08% 42
Reviewed and tested the firm's policies and procedures to ensure that they are adequate and being followed.	20.84% 79
Conducted a full on-site mock SEC-type examination (i.e., reviewed records, interviewed employees, and followed red-flags) in all compliance areas.	40.11% 152
Conducted a mock SEC-type examination of select compliance areas of the firm deemed to be the riskiest (i.e., similar to SEC presence exams).	18.47% 70
Conducted a limited focus "check-the-box" type review in one or more specified compliance areas (e.g., checked fee calculations).	3.69% 14
Conducted a highly focused "deep dive" type review in one or more specified compliance areas (e.g., review of performance).	5.80% 22
Total	379

Q40 You indicated that the third-party conducted a focused type review. Please check all the areas that were covered:

Answered: 37 Skipped: 694



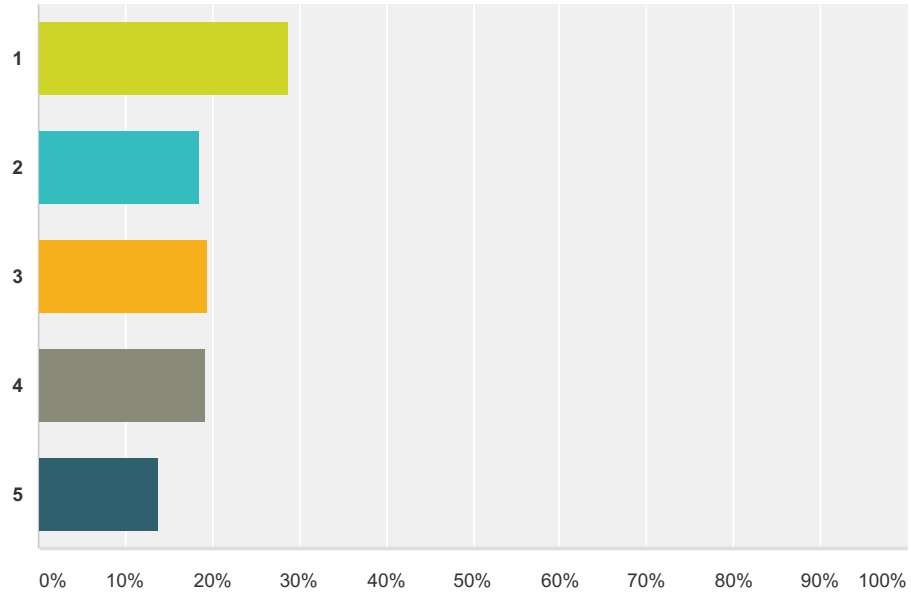
Answer Choices	Responses
Marketing/Advertising	54.05% 20
Performance Calculations (other than GIPS verification work)	21.62% 8
Fee and Expense Calculations	32.43% 12
Movement of Client Money or Assets (e.g., money transfers in or out of accounts)	8.11% 3
Regulatory Reporting (e.g., calculation of RAUM in Form ADV)	24.32% 9
Forensic Testing of Transactions (e.g., trade allocation; best execution)	35.14% 13
Electronic Communications (e.g., e-mail searches)	13.51% 5
Anti-money Laundering	13.51% 5
Pay-to-Play	18.92% 7
Cybersecurity	32.43% 12

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Other (please specify)	37.84%	14
Total Respondents: 37		

Q41 On a scale from 1-5 with 1 being “Extremely Valuable” and 5 being “Of Little Value”, how useful did you find the third party review to be to your compliance program?

Answered: 375 Skipped: 356



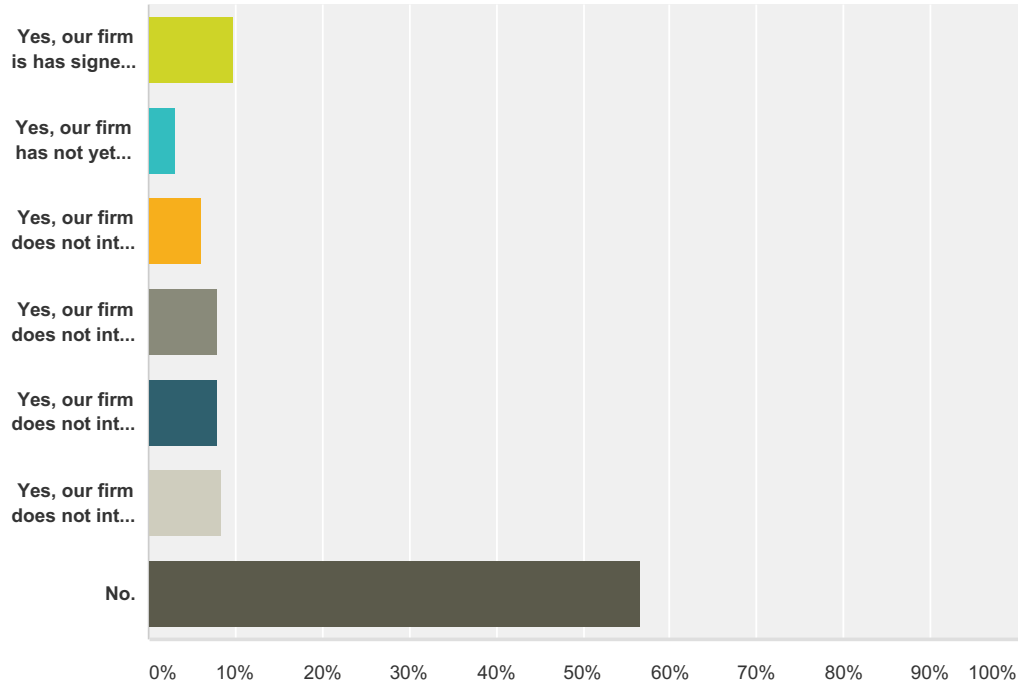
Answer Choices	Responses
1	28.80% 108
2	18.67% 70
3	19.47% 73
4	19.20% 72
5	13.87% 52
Total	375

Q42 Specifically, what did you find useful/not useful about the exercise? (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.)

Answered: 212 Skipped: 519

Q43 Does your firm consider environmental, social and governance factors in managing client portfolios? (select the best option)

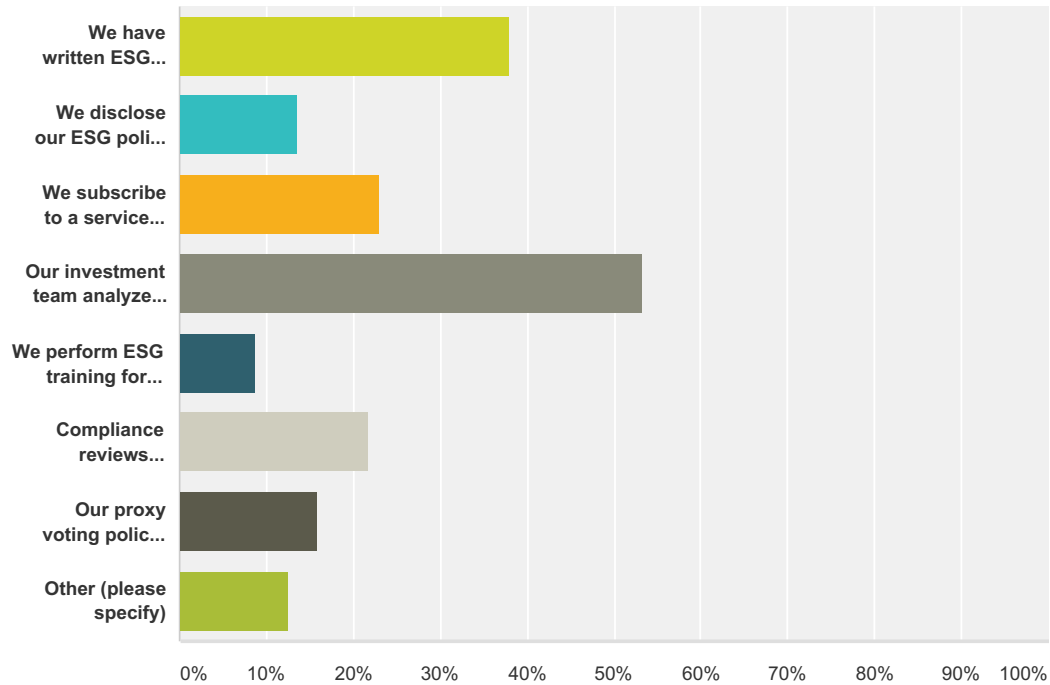
Answered: 637 Skipped: 94



Answer Choices	Responses
Yes, our firm is has signed on to the United Nations-supported Principles for Responsible Investment (PRI) Initiative.	9.73% 62
Yes, our firm has not yet signed the PRI Initiative but is considering doing so.	3.14% 20
Yes, our firm does not intend to sign the PRI Initiative at this time but we formally consider ESG factors in managing all client portfolios.	6.12% 39
Yes, our firm does not intend to sign the PRI Initiative at this time but we formally consider ESG factors in managing some designated socially responsible investment (SRI) client portfolios.	8.01% 51
Yes, our firm does not intend to sign the PRI Initiative at this time but we informally consider ESG factors in managing all client portfolios.	8.01% 51
Yes, our firm does not intend to sign the PRI Initiative at this time but we informally consider ESG factors in managing some designated socially responsible investment (SRI) client portfolios.	8.32% 53
No.	56.67% 361
Total	637

Q44 You indicated that your firm considers ESG factors in managing client portfolios. Which of the following are parts of your program? (Select all that apply)

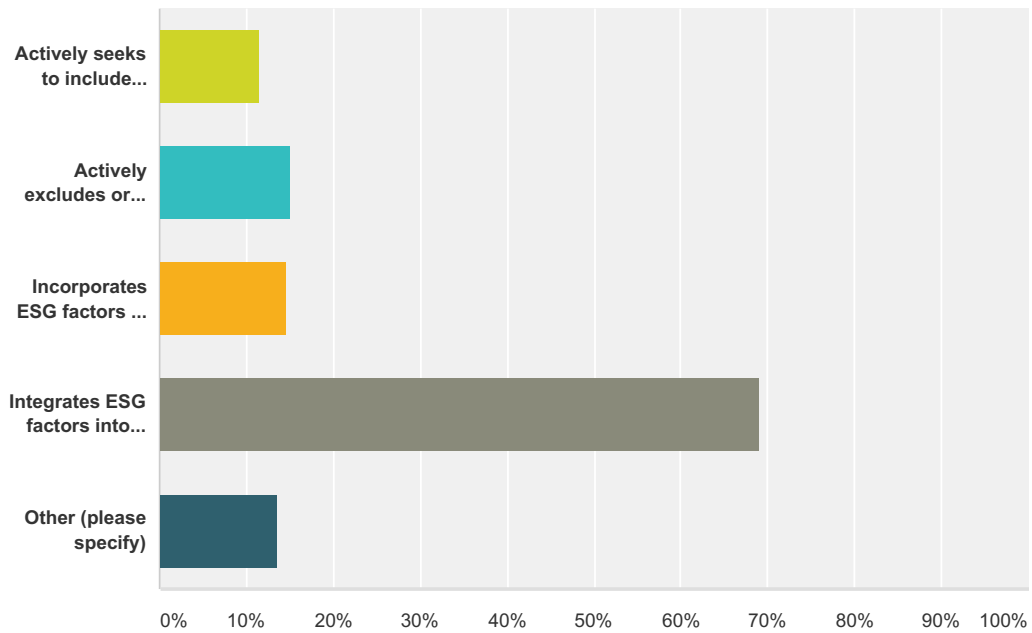
Answered: 271 Skipped: 460



Answer Choices	Responses
We have written ESG policy and procedures.	38.01% 103
We disclose our ESG policy on our website.	13.65% 37
We subscribe to a service that supplies ESG research.	22.88% 62
Our investment team analyzes all relevant ESG inputs and reaches reasoned conclusions on an independent basis.	53.14% 144
We perform ESG training for employees.	8.86% 24
Compliance reviews portfolios to confirm compliance with our policy and procedures and related disclosures.	21.77% 59
Our proxy voting policy and procedures address ESG matters.	15.87% 43
Other (please specify)	12.55% 34
Total Respondents: 271	

Q45 In making investment decisions, our investment team (select all that apply):

Answered: 252 Skipped: 479



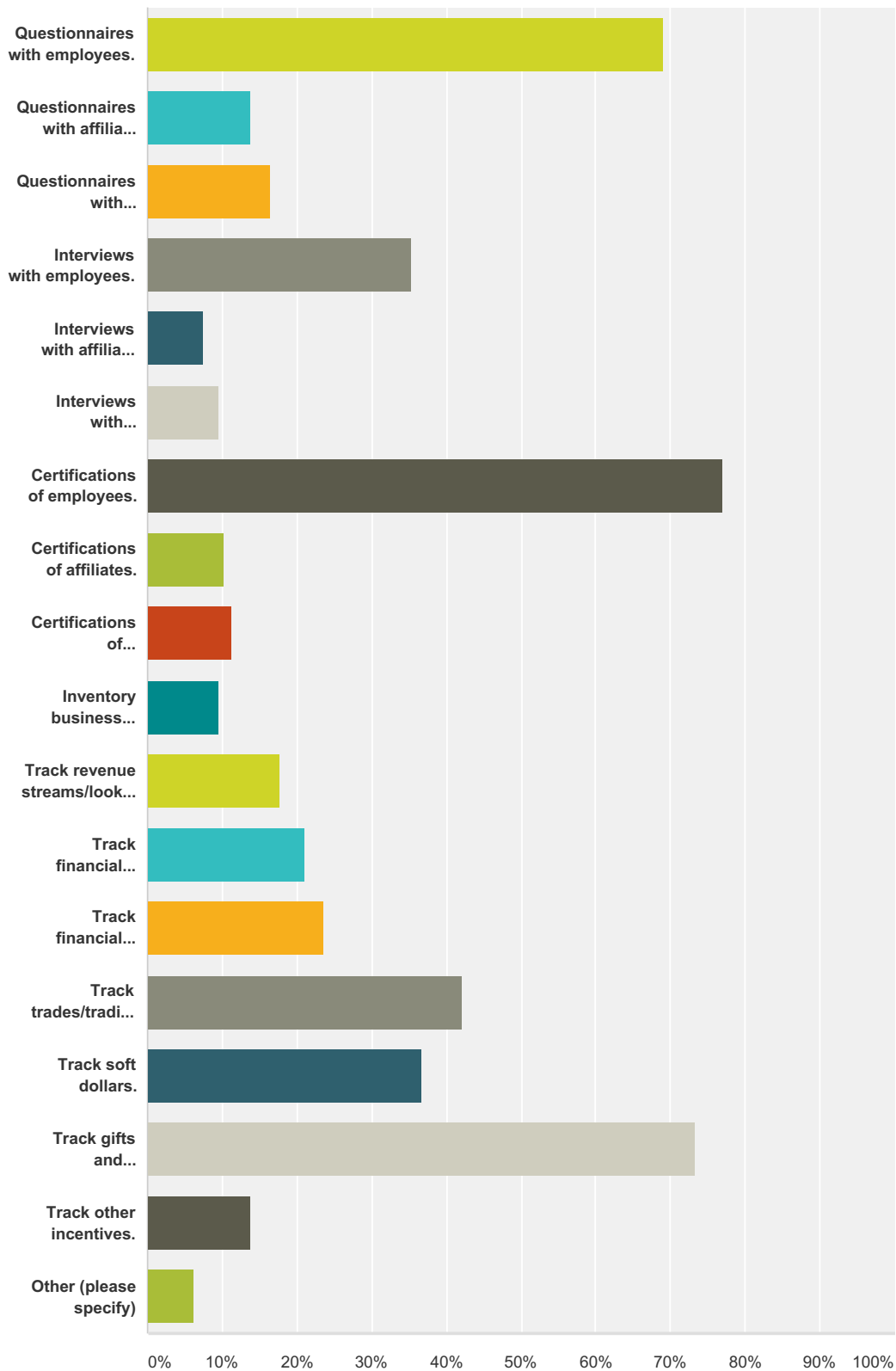
Answer Choices	Responses
Actively seeks to include companies that have stronger ESG policies and practices in their portfolios.	11.51% 29
Actively excludes or avoids companies with poor ESG track records.	15.08% 38
Incorporates ESG factors to benchmark corporations to peers or to identify "best in class" investment opportunities based on ESG issues.	14.68% 37
Integrates ESG factors into the investment process as part of a wider evaluation of risk and return.	69.05% 174
Other (please specify)	13.49% 34
Total Respondents: 252	

Q46 How has your firm's approach towards ESG investing changed since January 1, 2015? Please specify. (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.)

Answered: 138 Skipped: 593

Q47 How do you identify conflicts of interest? (check all that apply)

Answered: 621 Skipped: 110

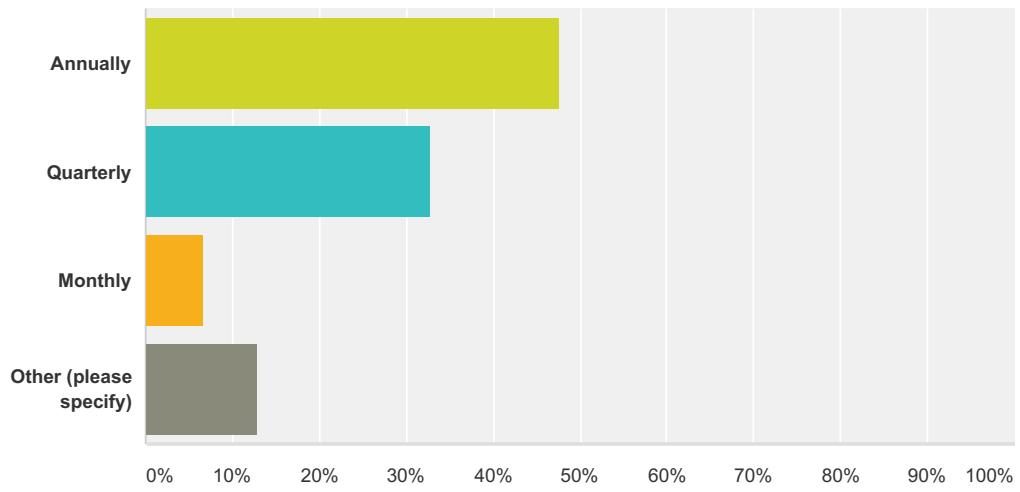


2016 Investment Management Compliance Testing Survey

Answer Choices	Responses	
Questionnaires with employees.	69.08%	429
Questionnaires with affiliate personnel.	13.69%	85
Questionnaires with third-parties.	16.43%	102
Interviews with employees.	35.27%	219
Interviews with affiliate personnel.	7.57%	47
Interviews with third-parties.	9.66%	60
Certifications of employees.	76.97%	478
Certifications of affiliates.	10.14%	63
Certifications of third-parties.	11.27%	70
Inventory business accounts.	9.66%	60
Track revenue streams/look for a financial interest in the outcome ("follow the money").	17.71%	110
Track financial incentives of the firm.	21.10%	131
Track financial incentives of employees.	23.67%	147
Track trades/trading desk.	42.19%	262
Track soft dollars.	36.71%	228
Track gifts and entertainment.	73.27%	455
Track other incentives.	13.69%	85
Other (please specify)	6.28%	39
Total Respondents: 621		

Q48 As a general matter, how often do you test for conflicts of interest?

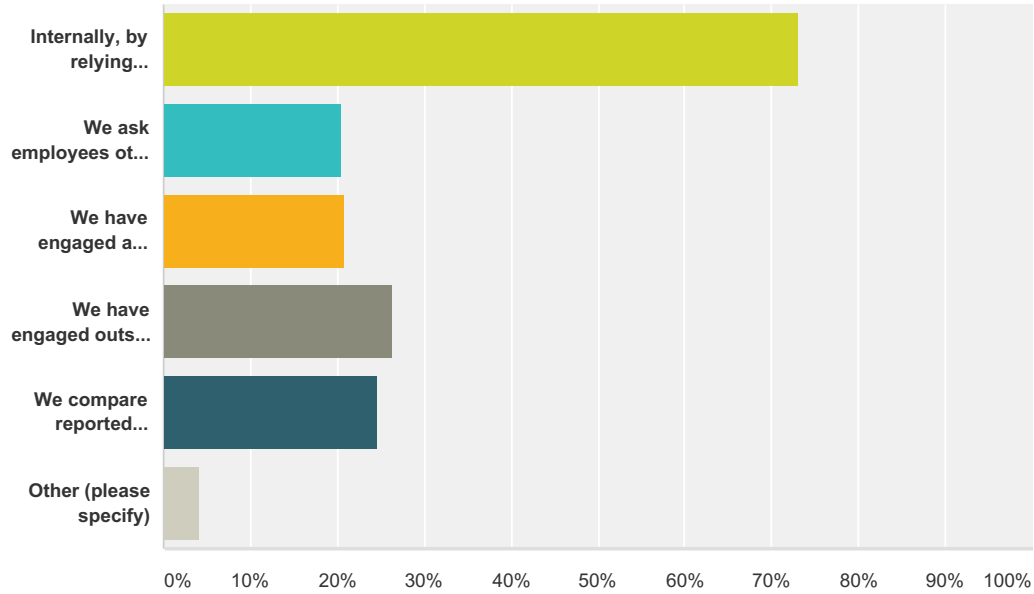
Answered: 612 Skipped: 119



Answer Choices	Responses	
Annually	47.55%	291
Quarterly	32.84%	201
Monthly	6.70%	41
Other (please specify)	12.91%	79
Total		612

**Q49 How do you evaluate the disclosure of conflicts of interest in Form ADV Part 2A?
(Select all that apply)**

Answered: 618 Skipped: 113

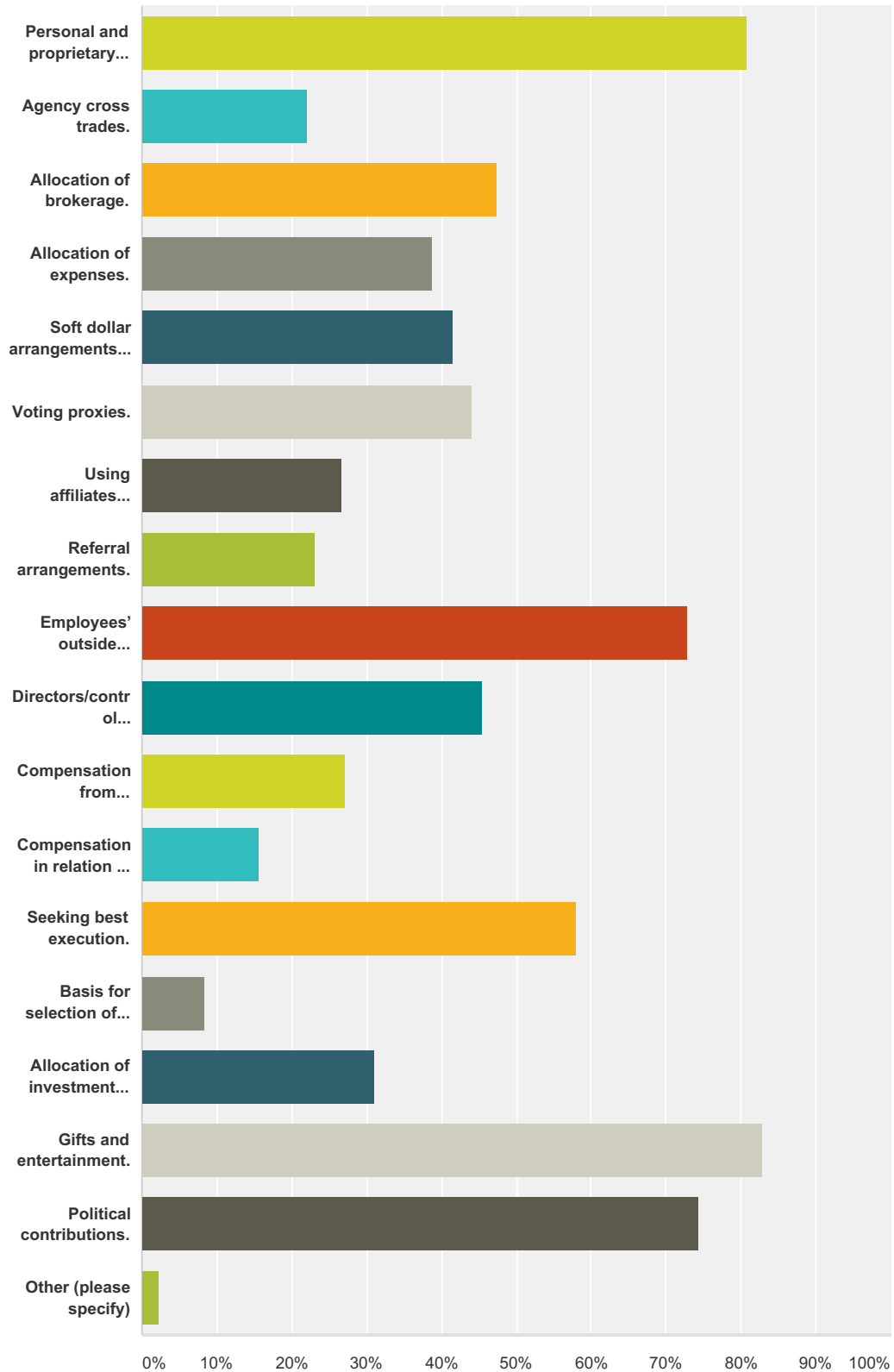


Answer Choices	Responses	
Internally, by relying primarily on our compliance staff to evaluate it.	73.14%	452
We ask employees other than our compliance staff to evaluate it.	20.39%	126
We have engaged a compliance consulting firm to evaluate the disclosure of conflicts of interest.	20.87%	129
We have engaged outside legal counsel to evaluate the disclosure of conflicts of interest.	26.38%	163
We compare reported conflicts of interest against conflicts of interest disclosed in Part 2A of Form ADV.	24.60%	152
Other (please specify)	4.21%	26
Total Respondents: 618		

Q50 Do you test for conflicts of interest (including adequacy of disclosure) in the following areas? (Select all that apply)

Answered: 596 Skipped: 135

2016 Investment Management Compliance Testing Survey



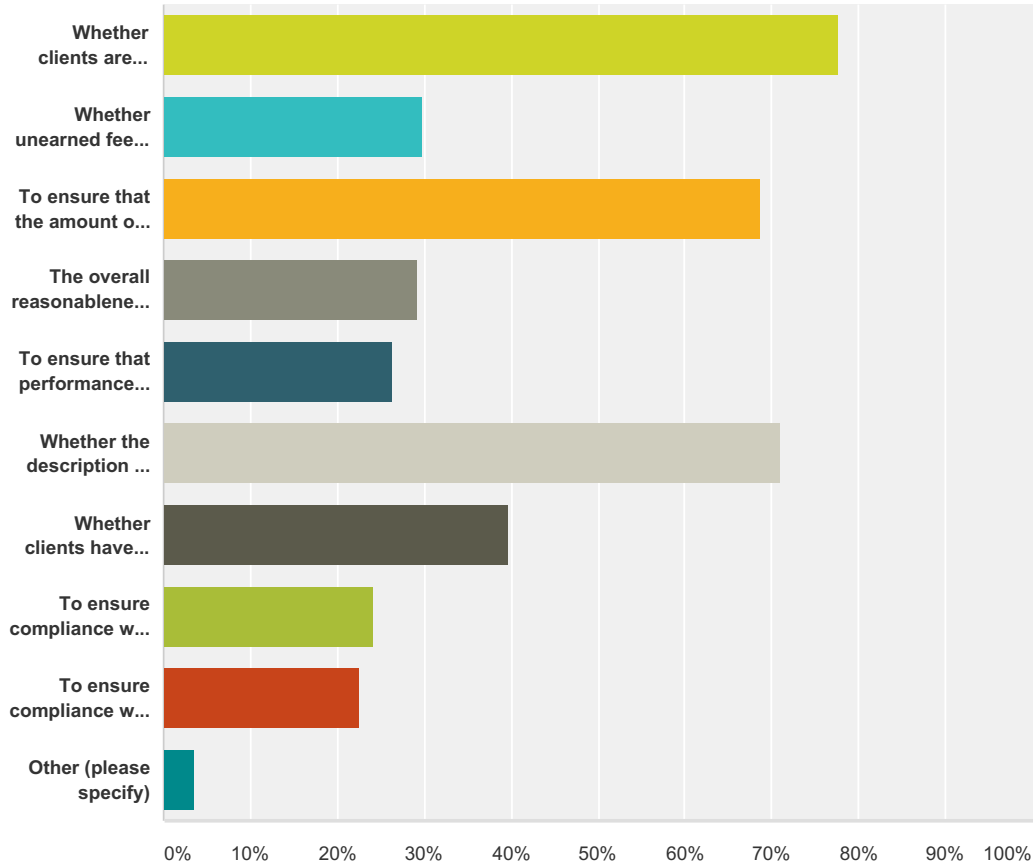
Answer Choices	Responses
Personal and proprietary trading (e.g., principal transactions).	80.87% 482
Agency cross trades.	22.15% 132

2016 Investment Management Compliance Testing Survey

Allocation of brokerage.	47.48% 283
Allocation of expenses.	38.93% 232
Soft dollar arrangements (e.g., distribution in guise).	41.61% 248
Voting proxies.	44.13% 263
Using affiliates (e.g., related party transactions), or investing client assets in affiliated funds.	26.68% 159
Referral arrangements.	23.15% 138
Employees' outside financial interests or activities.	72.82% 434
Directors/control persons/governing board members/advisory board members' outside financial interests.	45.47% 271
Compensation from third-parties.	27.18% 162
Compensation in relation to investment recommendations made to clients.	15.60% 93
Seeking best execution.	58.05% 346
Basis for selection of client accounts (e.g., IRA rollovers).	8.39% 50
Allocation of investment opportunities/fees generated from side-by-side management of accounts that pay performance-based fees and accounts that are not charged performance fees.	31.21% 186
Gifts and entertainment.	82.89% 494
Political contributions.	74.33% 443
Other (please specify)	2.35% 14
Total Respondents: 596	

**Q51 Which of the following areas does your firm test relating to fee arrangements?
(Select all that apply)**

Answered: 584 Skipped: 147



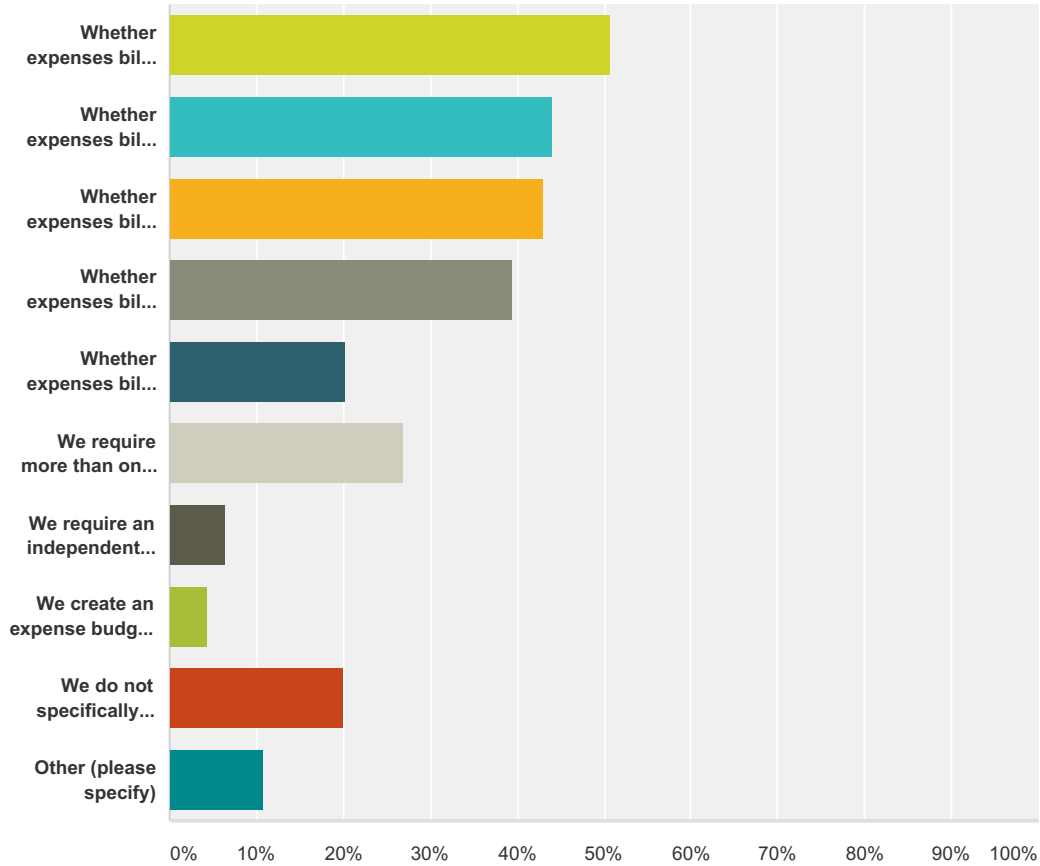
Answer Choices	Responses
Whether clients are billed advisory fees in accordance with the terms of their advisory contracts.	77.74% 454
Whether unearned fees have been credited upon termination of the advisory contract.	29.79% 174
To ensure that the amount of assets under management on which the advisory fee is billed is accurate.	68.66% 401
The overall reasonableness of the amount of fees deducted from all client accounts for a period of time based on the adviser's aggregate assets under management.	29.28% 171
To ensure that performance fees, if any, are billed only to eligible client accounts (i.e., "qualified clients").	26.37% 154
Whether the description of fee arrangements in Form ADV is accurate, current and consistent with the compensation arrangements in advisory contracts.	71.06% 415
Whether clients have fees directly debited are sent periodic custodial statements.	39.73% 232

2016 Investment Management Compliance Testing Survey

To ensure compliance with most favored nations provisions at the inception of the advisory contract.	24.14% 141
To ensure compliance with most favored nations provisions periodically during the term of the advisory contract.	22.60% 132
Other (please specify)	3.60% 21
Total Respondents: 584	

Q52 Which of the following areas does your firm test relating to expenses charged to clients? (Select all that apply)

Answered: 580 Skipped: 151



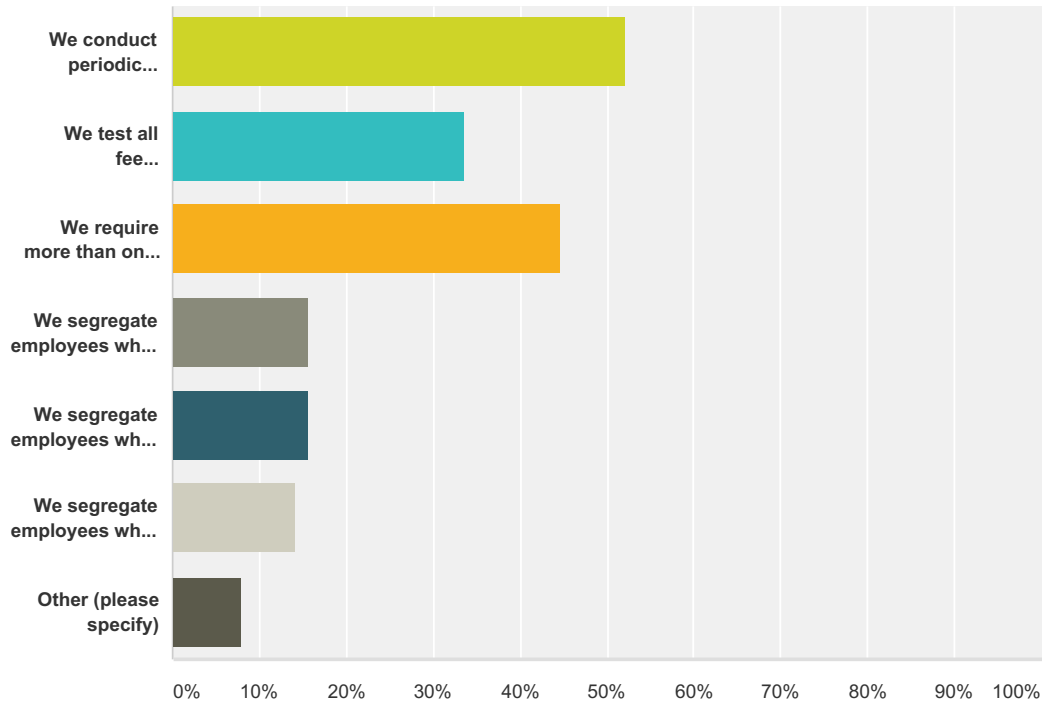
Answer Choices	Responses
Whether expenses billed to clients are in line with the terms of their advisory contracts.	50.69% 294
Whether expenses billed to investors are in line with the terms of the offering documents of a fund.	43.97% 255
Whether expenses billed to clients/investors are explicitly disclosed in Form ADV Part 2A.	43.10% 250
Whether expenses billed to clients are correct and appropriately allocated in accordance with stated policies and procedures (i.e., among clients or between the adviser and clients).	39.48% 229
Whether expenses billed to clients are within an expense cap.	20.17% 117
We require more than one employee to sign off on invoices to be billed to clients.	26.90% 156
We require an independent person to sign off on invoices to be billed to clients.	6.38% 37
We create an expense budget at the beginning of the year and allocate only budgeted expenses to clients.	4.48% 26

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We do not specifically test expenses charged to clients.	20.00% 116
Other (please specify)	10.86% 63
Total Respondents: 580	

Q53 Which of the following controls does your firm use to ensure that the amount of assets under management on which the advisory fee is billed is accurate? (Select all that apply)

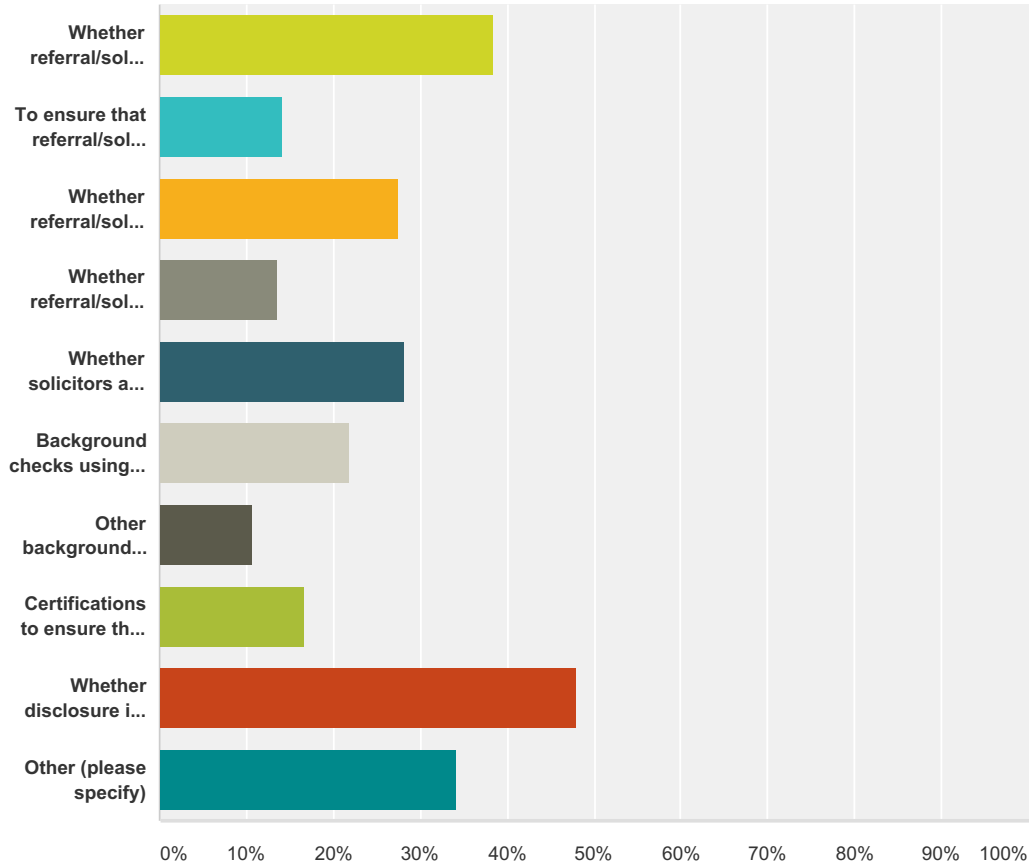
Answered: 571 Skipped: 160



Answer Choices	Responses
We conduct periodic testing on a sample basis of fee calculations.	52.19% 298
We test all fee calculations.	33.63% 192
We require more than one person to sign off on advisory fee bills and invoices.	44.66% 255
We segregate employees who are responsible for processing billing invoices or listings of fees due from clients that are provided to custodians to deduct fees from clients' accounts.	15.76% 90
We segregate employees who are responsible for reviewing the invoices and listings.	15.59% 89
We segregate employees who are responsible for reconciling invoices and listings with deposits of advisory fees by custodians into the adviser's proprietary bank account.	14.19% 81
Other (please specify)	7.88% 45
Total Respondents: 571	

Q54 Does your firm test the following relating to referral/solicitation fees? (Select all that apply)

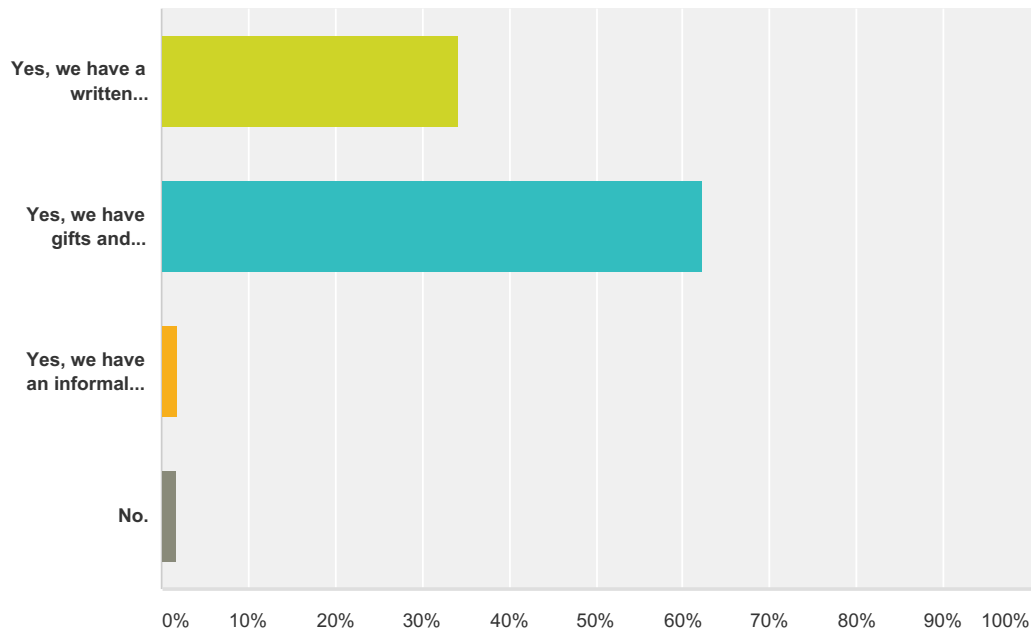
Answered: 480 Skipped: 251



Answer Choices	Responses
Whether referral/solicitation fees are paid in accordance with the terms of the solicitation agreement.	38.33% 184
To ensure that referral/solicitation fees are not paid to solicitors after the period required by the solicitation agreements.	14.17% 68
Whether referral/solicitation fee arrangements with third-parties are in accordance with the solicitation rule.	27.50% 132
Whether referral/solicitation fee arrangements with employees and affiliates are in accordance with the applicable provisions of the solicitation rule.	13.54% 65
Whether solicitors are properly registered, if required.	28.13% 135
Background checks using FINRA's BrokerCheck to ensure that solicitors are not "bad boys/bad actors" under the solicitation rule.	21.88% 105
Other background checks to ensure that solicitors are not "bad boys/bad actors" under the solicitation rule.	10.63% 51
Certifications to ensure that solicitors are complying with the requirements of the solicitation arrangement and solicitation rule.	16.67% 80
Whether disclosure in your firm's Form ADV is consistent with your firm's solicitation arrangements.	47.92% 230
Other (please specify)	34.17% 164
Total Respondents: 480	

Q55 Does your firm have a gifts and entertainment policy?

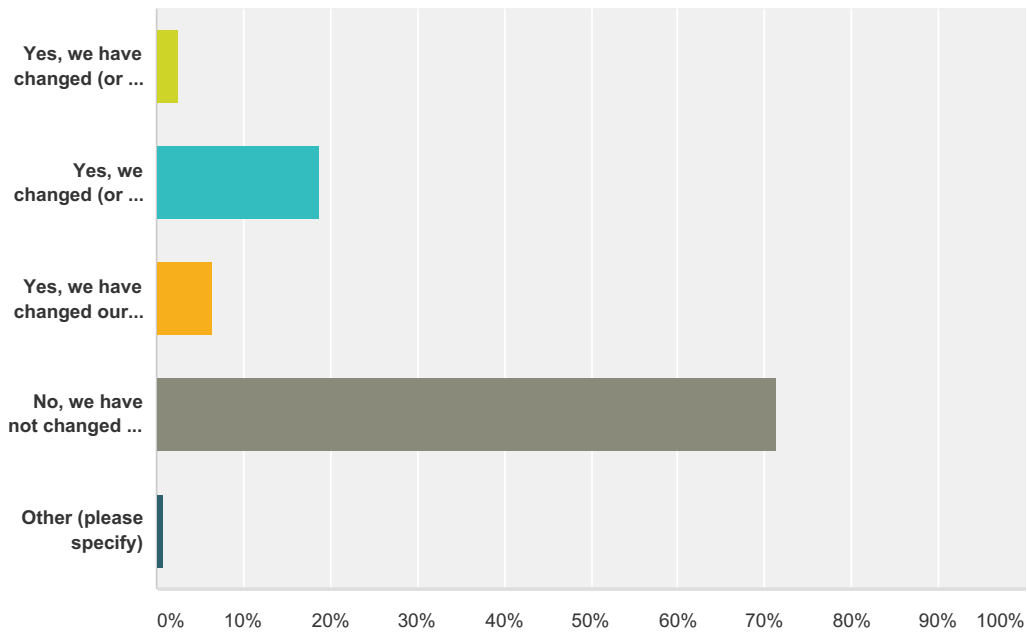
Answered: 601 Skipped: 130



Answer Choices	Responses
Yes, we have a written stand-alone gifts and entertainment policy.	34.28% 206
Yes, we have gifts and entertainment policies included in other written policies and procedures.	62.23% 374
Yes, we have an informal unwritten gifts and entertainment policy.	1.83% 11
No.	1.66% 10
Total	601

Q56 Since January 1, 2015, have your firm's gifts and entertainment policies changed?

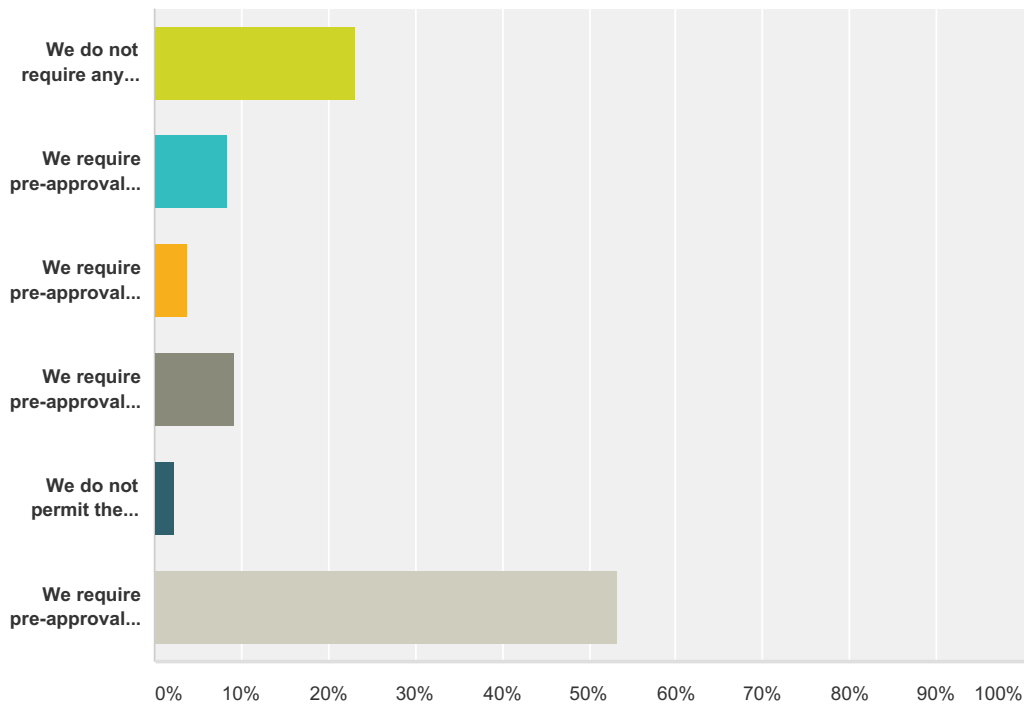
Answered: 588 Skipped: 143



Answer Choices	Responses
Yes, we have changed (or are in the process of changing) our policy primarily in response to requests from clients/prospects.	2.55% 15
Yes, we changed (or are in the process of changing) our policy primarily following an internal evaluation of our policy.	18.71% 110
Yes, we have changed our policies for other reasons.	6.46% 38
No, we have not changed our policies.	71.43% 420
Other (please specify)	0.85% 5
Total	588

Q57 Does your firm require pre-approval of gifts/entertainment received?

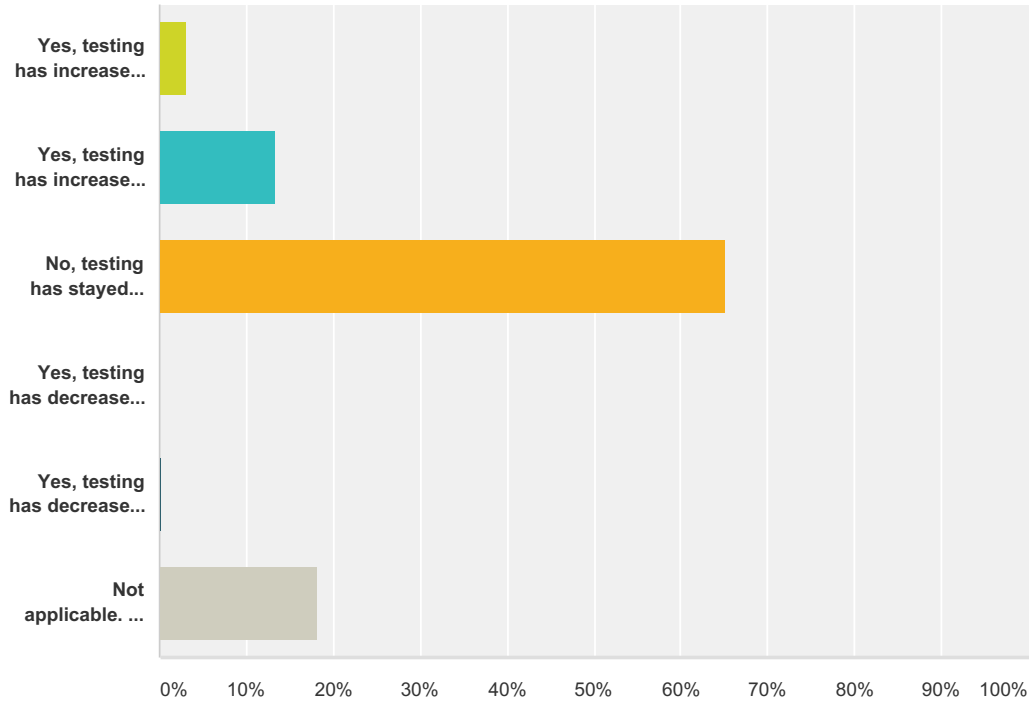
Answered: 582 Skipped: 149



Answer Choices	Responses
We do not require any pre-approvals.	23.20% 135
We require pre-approval of all gifts/entertainment received.	8.42% 49
We require pre-approval of gifts only.	3.78% 22
We require pre-approval only of certain types of entertainment received.	9.11% 53
We do not permit the receipt of gifts or entertainment.	2.23% 13
We require pre-approval of all gifts/entertainment received, over a threshold amount.	53.26% 310
Total	582

Q58 Since January 1, 2015, has your firm's gifts and entertainment testing practices changed?

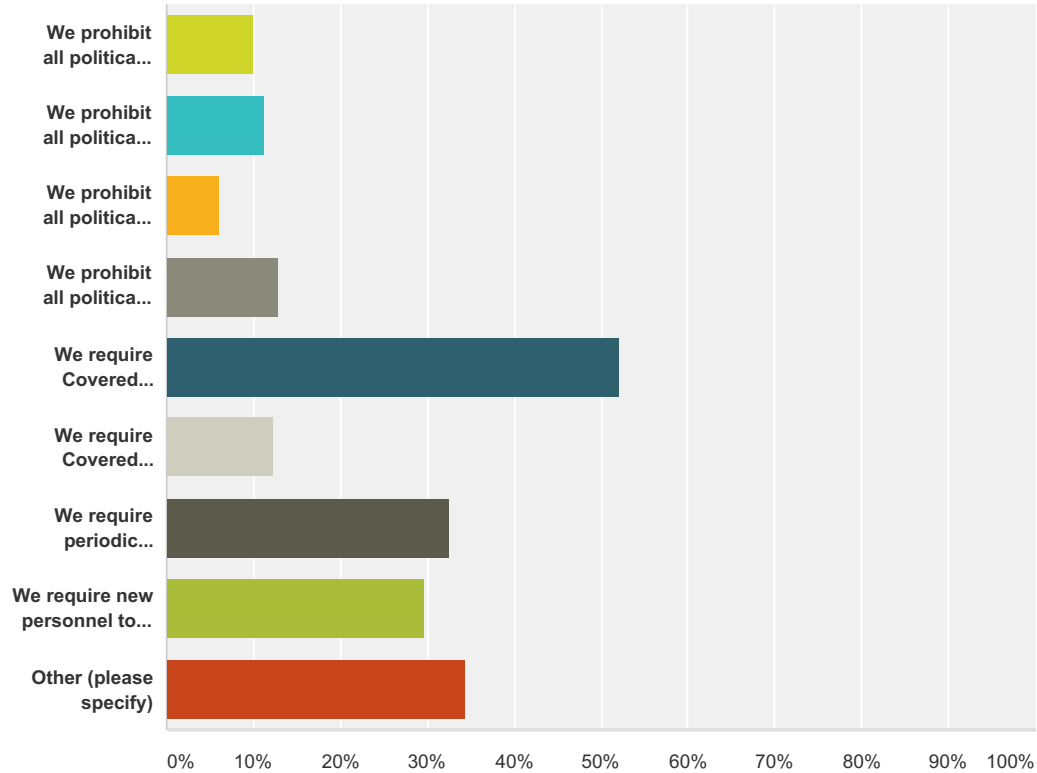
Answered: 588 Skipped: 143



Answer Choices	Responses	Count
Yes, testing has increased significantly.	3.06%	18
Yes, testing has increased slightly.	13.44%	79
No, testing has stayed about the same.	65.14%	383
Yes, testing has decreased slightly.	0.00%	0
Yes, testing has decreased significantly.	0.17%	1
Not applicable. We do not specifically test for gifts and entertainment compliance.	18.20%	107
Total		588

Q59 Which of the following policies have you adopted with regard to political contributions by “Covered Associates” as defined within the Pay-to-Play Rule? (Select all that apply)

Answered: 569 Skipped: 162



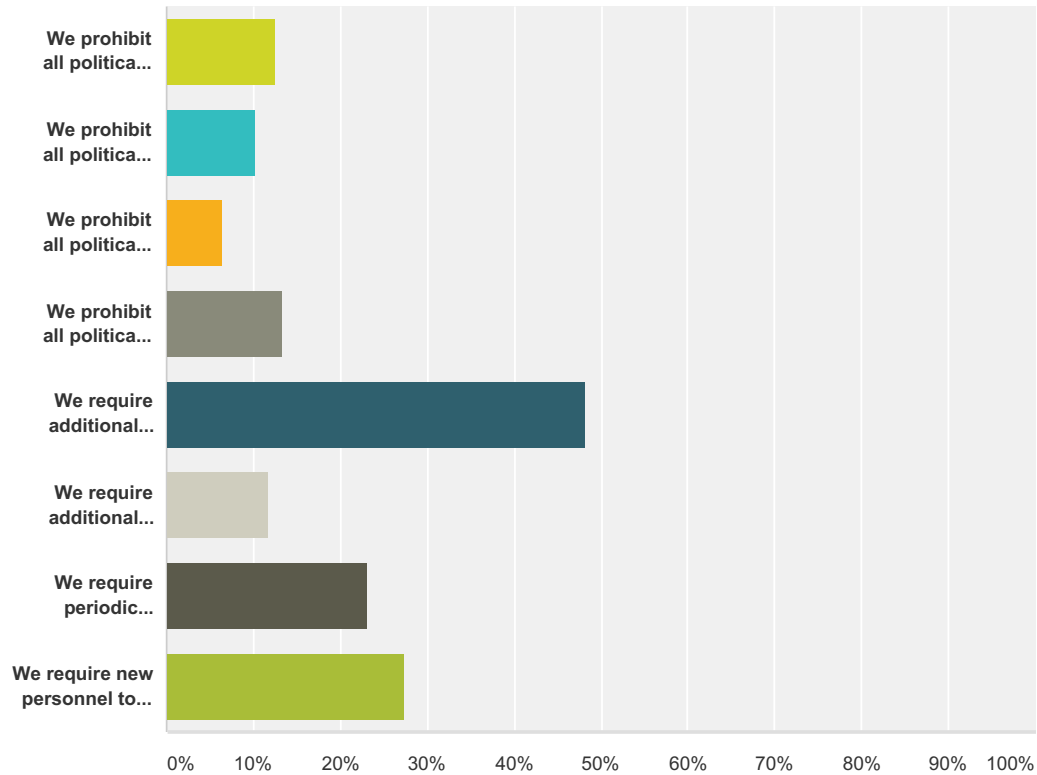
Answer Choices	Responses
We prohibit all political contributions.	10.02% 57
We prohibit all political contributions to any state or local government official.	11.25% 64
We prohibit all political contributions to certain identified state and local government officials/entities (e.g., current clients, prospective clients).	5.98% 34
We prohibit all political contributions above a de minimis amount (Please specify the amount in the Comment Box below).	13.01% 74
We require Covered Associates to pre-clear all political contributions.	52.20% 297
We require Covered Associates to pre-clear political contributions above a de minimis amount (Please specify the amount in the Comment Box below).	12.30% 70
We require periodic reporting of all political contributions by Covered Associates (Please specify how frequently in the Comment Box below).	32.51% 185
We require new personnel to be vetted for political contributions before they are hired as Covered Associates.	29.70% 169

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Other (please specify)	34.45%	196
Total Respondents: 569		

Q60 Which of the following policies have you adopted with regard to political contributions by persons other than Covered Associates? (Select all that apply)

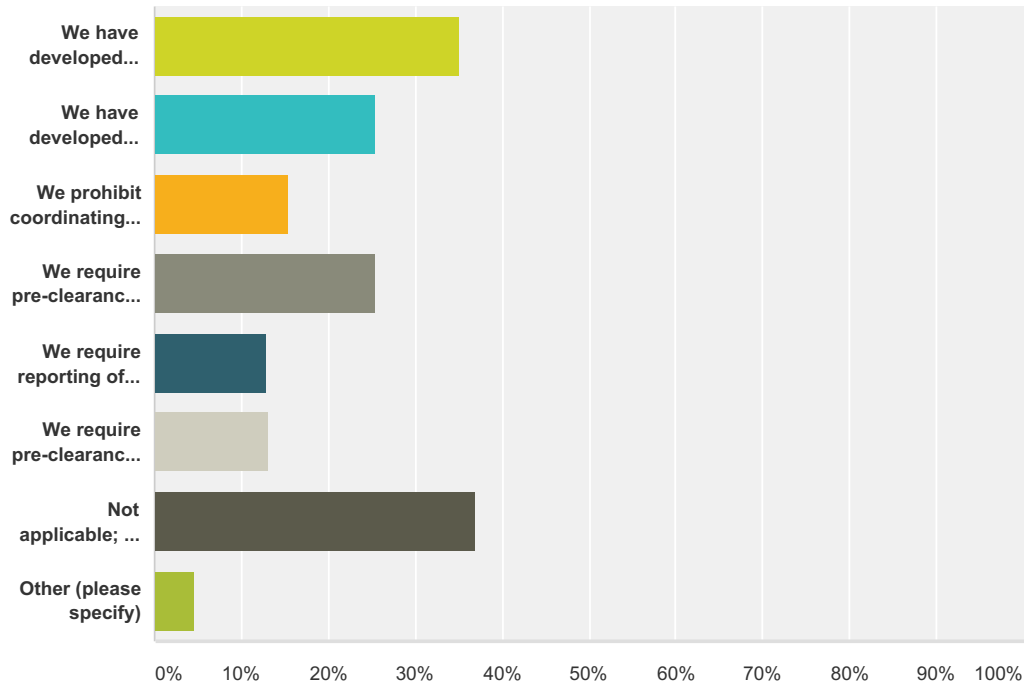
Answered: 455 Skipped: 276



Answer Choices	Responses
We prohibit all political contributions.	12.53% 57
We prohibit all political contributions to any state or local government official.	10.33% 47
We prohibit all political contributions to certain identified state and local government officials/entities (e.g., current clients, prospective clients).	6.37% 29
We prohibit all political contributions above a de minimis amount (Please specify the amount in the Comment Box below).	13.41% 61
We require additional persons to pre-clear all political contributions.	48.13% 219
We require additional persons to pre-clear political contributions above a de minimis amount (Please specify the amount in the Comment Box below).	11.65% 53
We require periodic reporting of all political contributions by additional persons (Please specify how frequently in the Comment Box below).	23.08% 105
We require new personnel to be vetted for political contributions before they are hired.	27.25% 124
Total Respondents: 455	

Q61 Which of the following policies have you adopted with regard to indirect political contributions/activities? (Select all that apply)

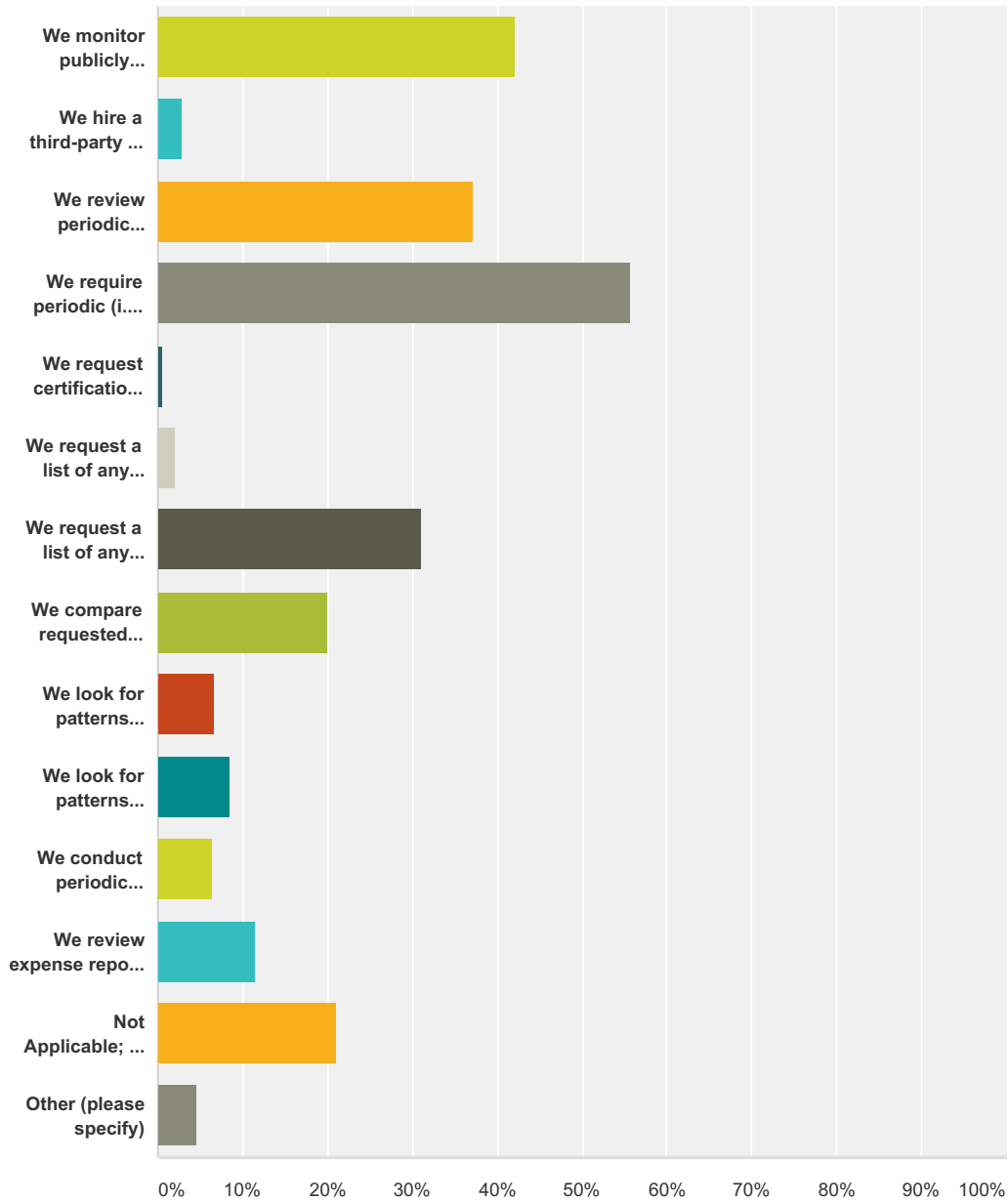
Answered: 567 Skipped: 164



Answer Choices	Responses
We have developed policies and procedures governing indirect contributions (e.g., via family members or other household members, or personally owned companies).	35.10% 199
We have developed policies and procedures governing indirect contributions via payments to PACs and state and local political parties.	25.40% 144
We prohibit coordinating or soliciting contributions.	15.52% 88
We require pre-clearance of coordinating or soliciting contributions.	25.57% 145
We require reporting of coordinating or soliciting contributions.	12.87% 73
We require pre-clearance of political volunteering activities.	13.05% 74
Not applicable; we have not adopted any policies with regard to indirect political contributions/activities.	36.86% 209
Other (please specify)	4.59% 26
Total Respondents: 567	

Q62 What types of monitoring or testing does your firm conduct surrounding political contributions? (Select all that apply)

Answered: 576 Skipped: 155



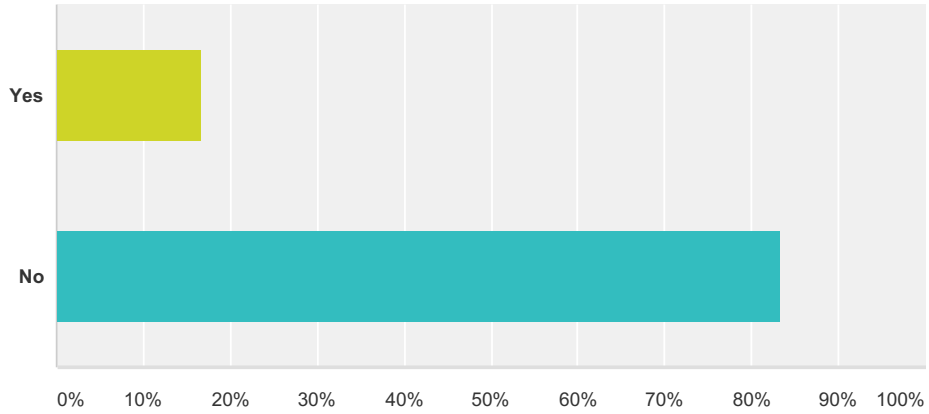
Answer Choices	Responses
We monitor publicly available information for contributions.	42.19% 243
We hire a third-party to monitor publicly available information for contributions.	2.95% 17
We review periodic reports received from employees/Covered Associates.	37.15% 214
We require periodic (i.e., monthly, quarterly, annually) certifications from personnel regarding compliance.	55.73% 321

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We request certifications from government clients that no officials received contributions from firm personnel.	0.69%	4
We request a list of any political donations received from employees by prospective investors as part of the client onboarding process.	2.08%	12
We request a list of any political contributions as part of our hiring process for new employees.	31.08%	179
We compare requested preclearances with employee reporting.	20.14%	116
We look for patterns regarding political contributions and entities with whom we win business.	6.60%	38
We look for patterns regarding gifts/entertainment given by employees to government entities with whom we win business.	8.51%	49
We conduct periodic training of 47 of 183 relevant personnel on pay-to-play issues.	6.42%	37
We review expense reports of relevant personnel for pay-to-play red flags.	11.46%	66
Not Applicable; we do not conduct any monitoring or testing surrounding political contributions.	21.18%	122
Other (please specify)	4.51%	26
Total Respondents: 576		

Q63 Do you utilize any quantitative/systematic/algorithmic trading strategies in your portfolio management?

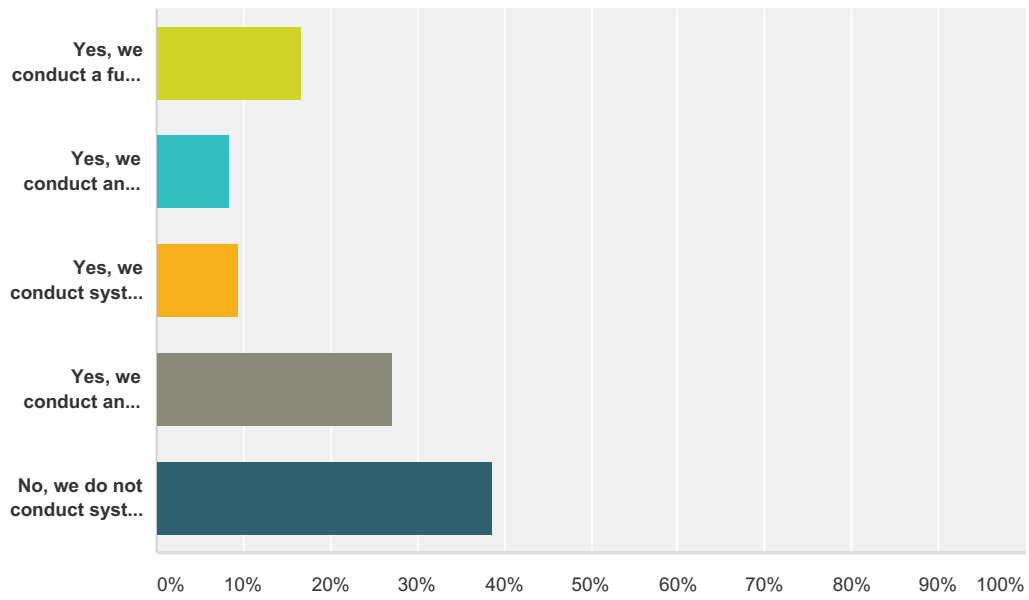
Answered: 588 Skipped: 143



Answer Choices	Responses
Yes	16.67% 98
No	83.33% 490
Total	588

Q64 Do you engage in audits of your quantitative systems?

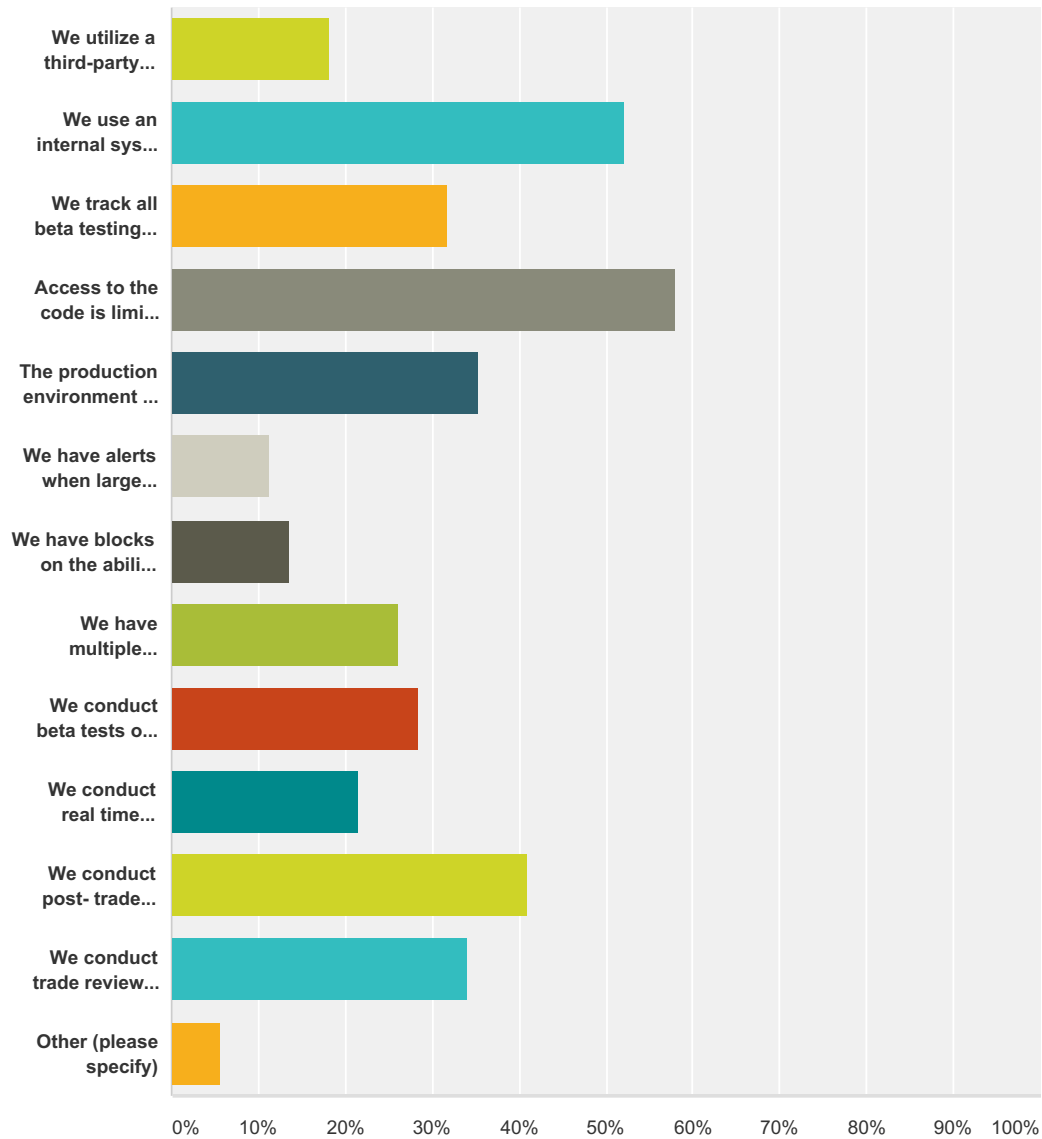
Answered: 96 Skipped: 635



Answer Choices	Responses
Yes, we conduct a full audit of the systems on a periodic basis.	16.67% 16
Yes, we conduct an audit of the system with each system release.	8.33% 8
Yes, we conduct system audits only when issues are identified.	9.38% 9
Yes, we conduct an audit on an ad hoc basis.	27.08% 26
No, we do not conduct systems audits.	38.54% 37
Total	96

Q65 What controls do you have in place to manage your systems? (Select all that apply)

Answered: 88 Skipped: 643



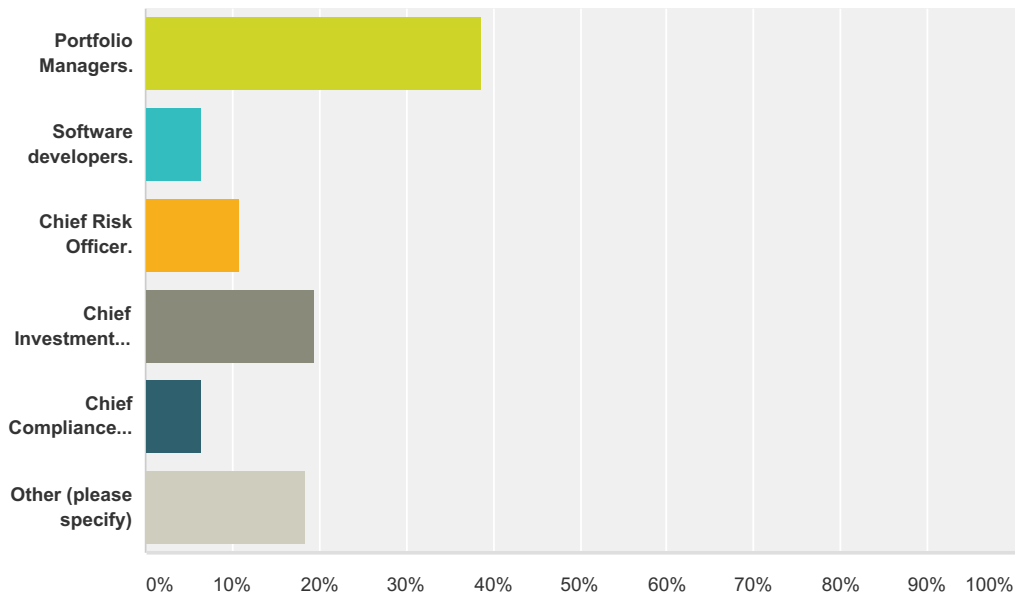
Answer Choices	Responses
We utilize a third-party product to maintain audit trails of all coding.	18.18% 16
We use an internal system to maintain audit trails of all coding.	52.27% 46
We track all beta testing and record all results.	31.82% 28
Access to the code is limited to certain employees.	57.95% 51
The production environment is isolated from our network.	35.23% 31
We have alerts when large amounts of data are downloaded from our library.	11.36% 10

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We have blocks on the ability to copy the code.	13.64%	12
We have multiple sign-offs prior to making any code live.	26.14%	23
We conduct beta tests of all code prior to production.	28.41%	25
We conduct real time surveillance of trade engines.	21.59%	19
We conduct post- trade surveillance of transactions and model behavior.	40.91%	36
We conduct trade review prior to execution.	34.09%	30
Other (please specify)	5.68%	5
Total Respondents: 88		

Q66 Who is primarily responsible for oversight and supervision of the systems?

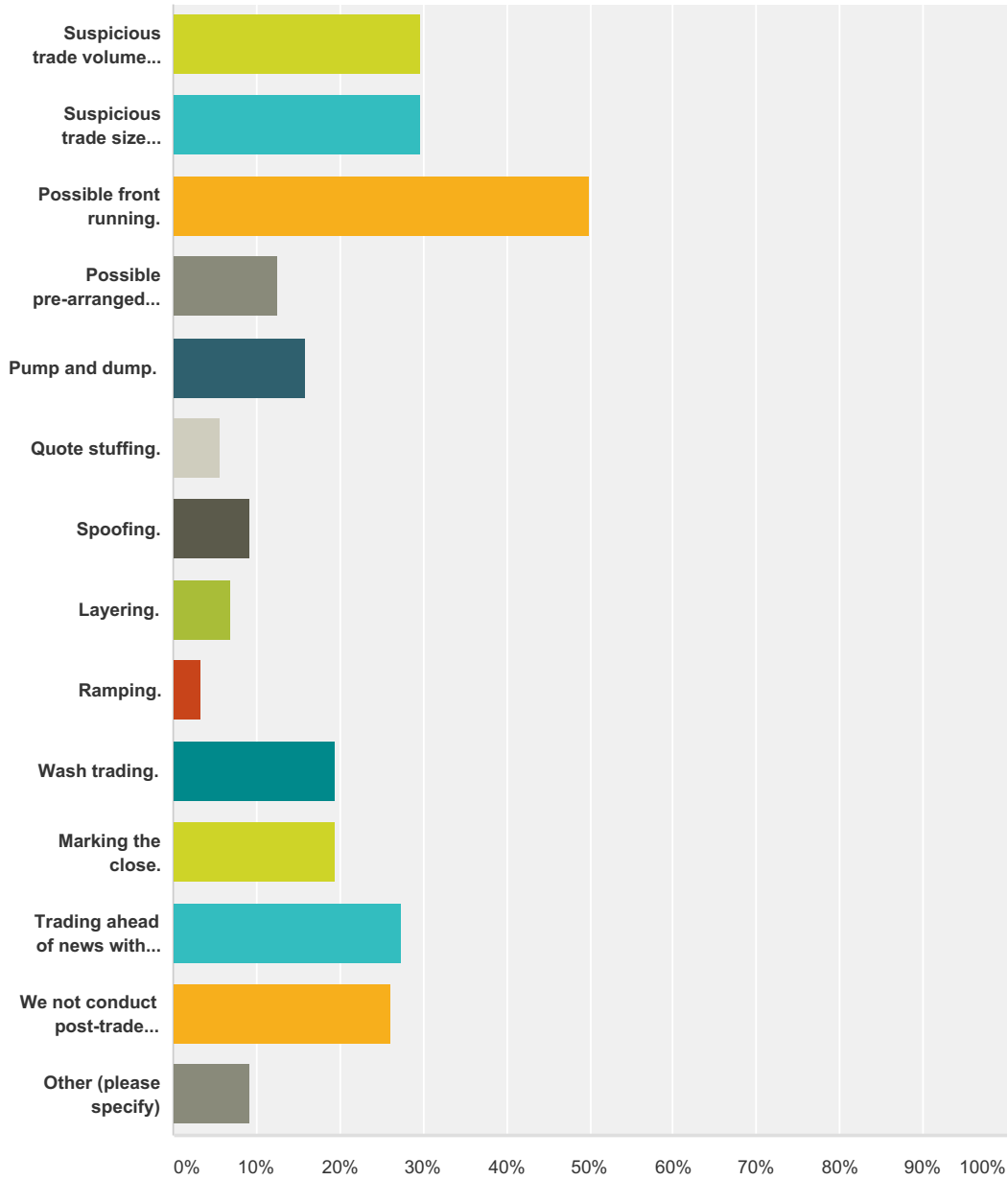
Answered: 93 Skipped: 638



Answer Choices	Responses	Count
Portfolio Managers.	38.71%	36
Software developers.	6.45%	6
Chief Risk Officer.	10.75%	10
Chief Investment Officer.	19.35%	18
Chief Compliance Officer.	6.45%	6
Other (please specify)	18.28%	17
Total		93

**Q67 Which of the following post-trade surveillance does your firm conduct?
(Select all that apply)**

Answered: 88 Skipped: 643



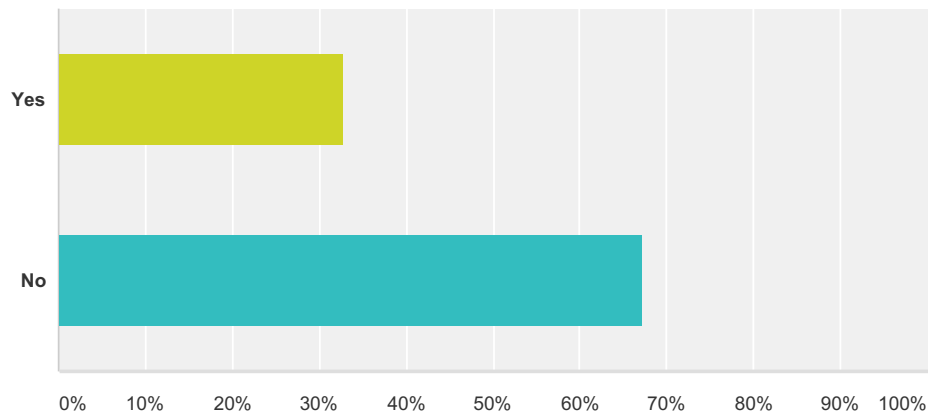
Answer Choices	Responses	Count
Suspicious trade volume (single day).	29.55%	26
Suspicious trade size (single transaction).	29.55%	26
Possible front running.	50.00%	44
Possible pre-arranged trading.	12.50%	11
Pump and dump.	15.91%	14

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Quote stuffing.	5.68%	5
Spoofing.	9.09%	8
Layering.	6.82%	6
Ramping.	3.41%	3
Wash trading.	19.32%	17
Marking the close.	19.32%	17
Trading ahead of news with related price movement.	27.27%	24
We not conduct post-trade surveillance.	26.14%	23
Other (please specify)	9.09%	8
Total Respondents: 88		

Q68 Has your firm's post-trade surveillance resulted in identifying issues?

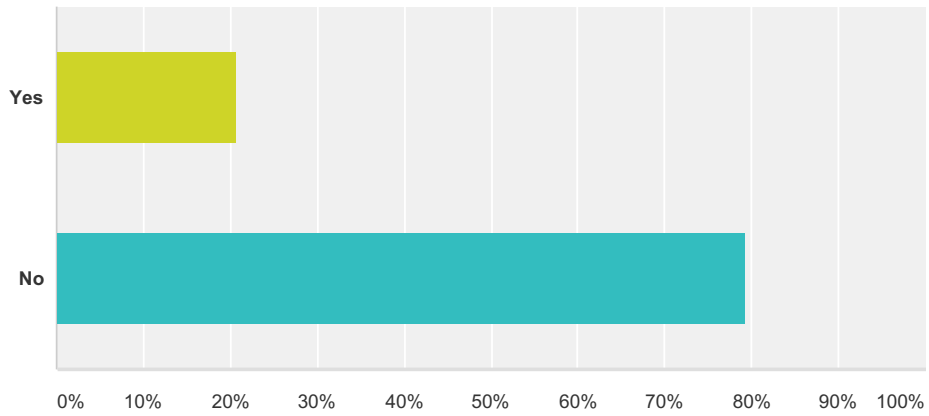
Answered: 67 Skipped: 664



Answer Choices	Responses	
Yes	32.84%	22
No	67.16%	45
Total		67

Q69 Has your firm outsourced any testing to third-parties?

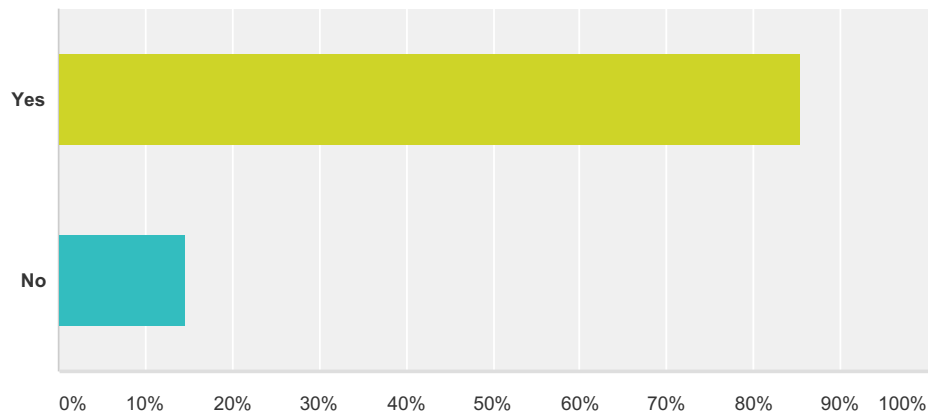
Answered: 68 Skipped: 663



Answer Choices	Responses	
Yes	20.59%	14
No	79.41%	54
Total		68

Q70 Is compliance involved with identifying testing methodologies?

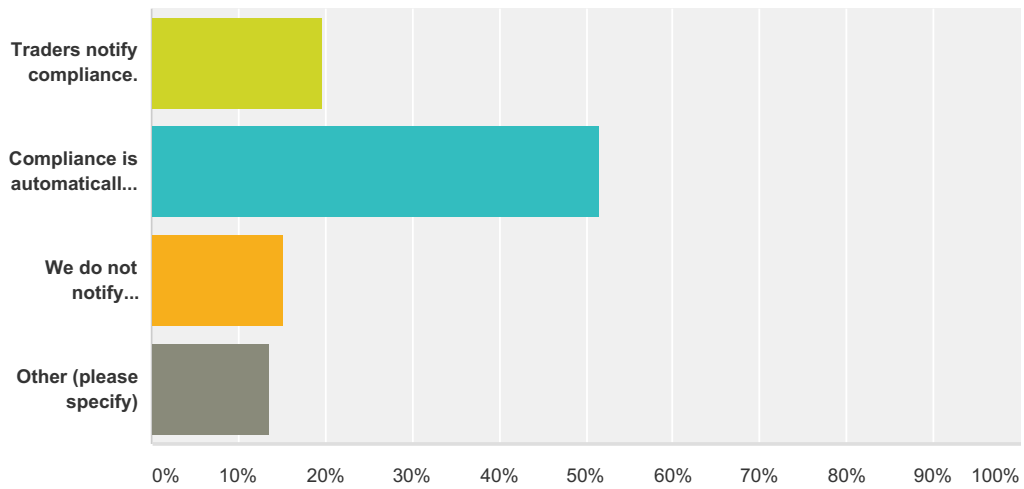
Answered: 68 Skipped: 663



Answer Choices	Responses	
Yes	85.29%	58
No	14.71%	10
Total		68

Q71 How is compliance notified of issues identified through post-trade surveillance?

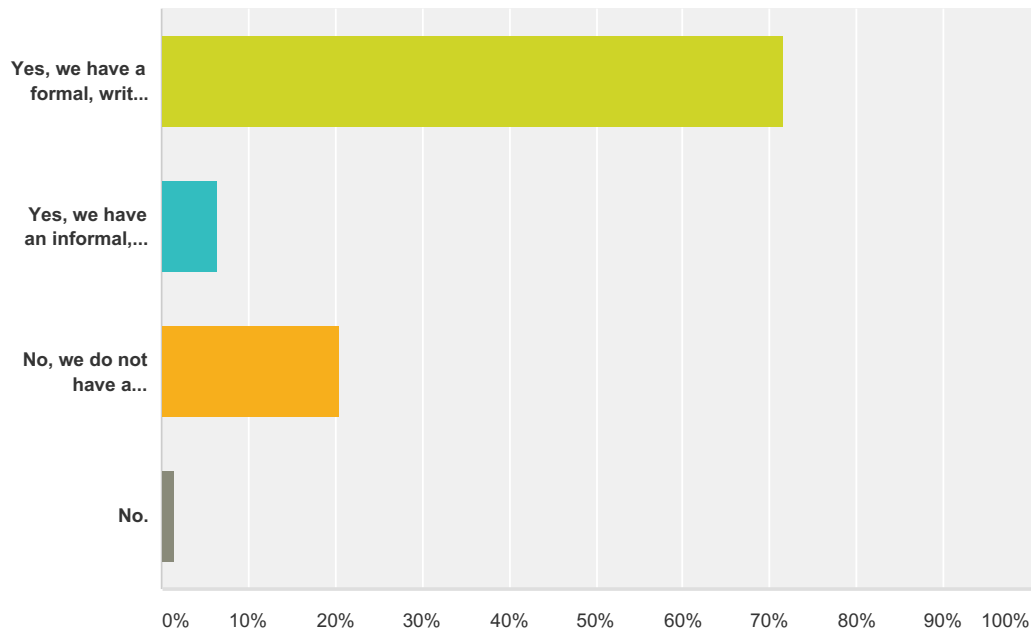
Answered: 66 Skipped: 665



Answer Choices	Responses
Traders notify compliance.	19.70% 13
Compliance is automatically notified from the trading system.	51.52% 34
We do not notify compliance unless an exception results in non-compliance with our policies and procedures or a violation of trading rules.	15.15% 10
Other (please specify)	13.64% 9
Total	66

Q72 Does your firm have a cybersecurity program?

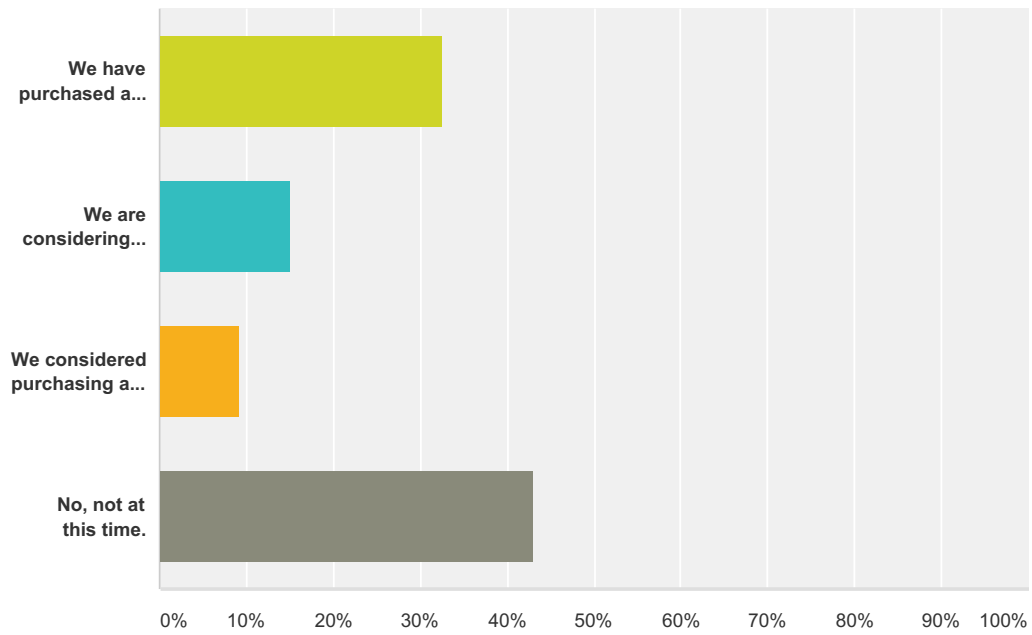
Answered: 585 Skipped: 146



Answer Choices	Responses
Yes, we have a formal, written cybersecurity program.	71.62% 419
Yes, we have an informal, unwritten cybersecurity program.	6.50% 38
No, we do not have a standalone cybersecurity program, but cybersecurity policies and procedures are incorporated into other policies and procedures (e.g., Red Flags Rule/Identity Theft Prevention Program; privacy policy).	20.51% 120
No.	1.37% 8
Total	585

Q73 Has your firm purchased a specific cyber insurance policy?

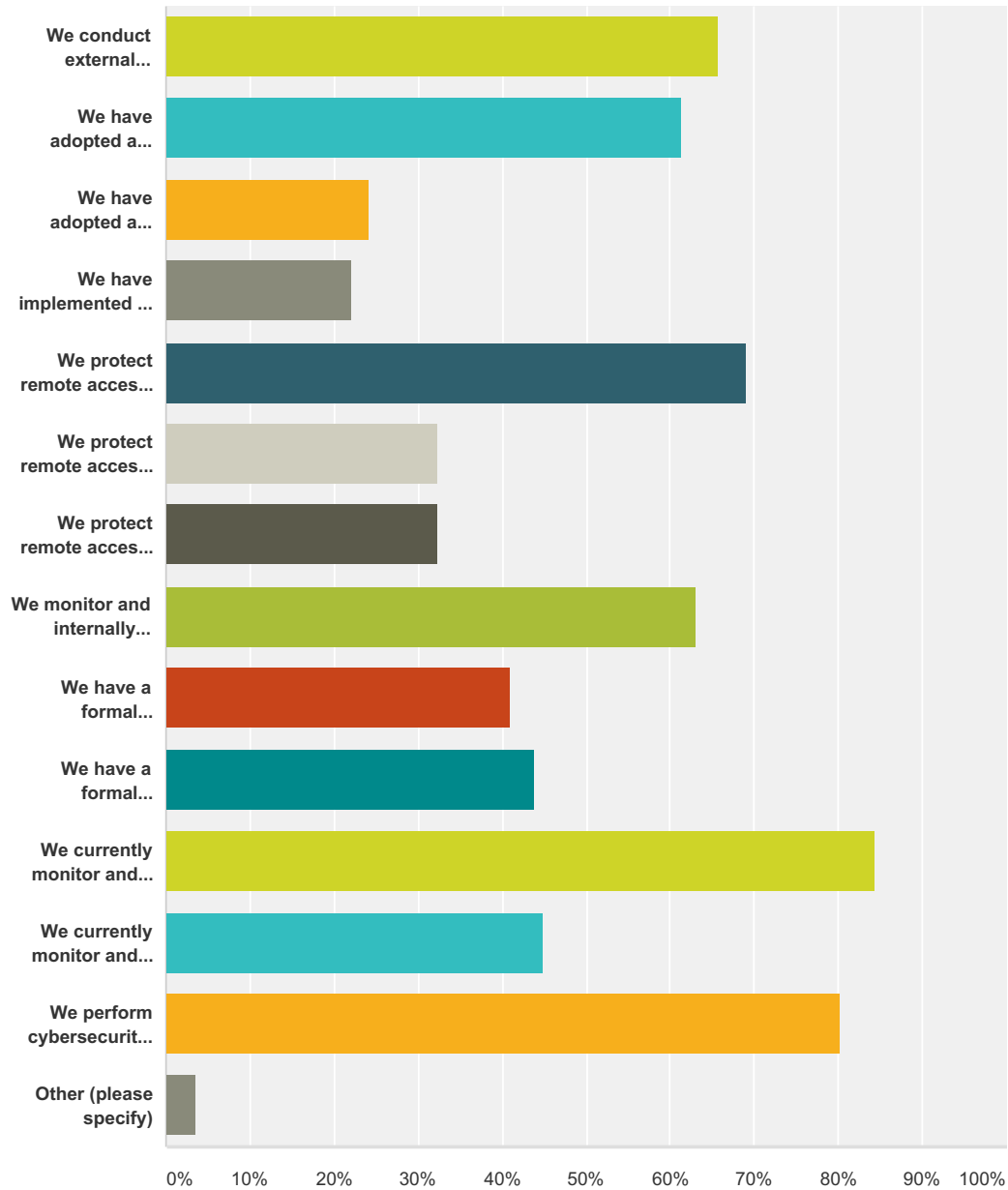
Answered: 583 Skipped: 148



Answer Choices	Responses	
We have purchased a cybersecurity insurance policy.	32.59%	190
We are considering purchasing a cybersecurity insurance policy.	15.09%	88
We considered purchasing a cybersecurity insurance policy but opted not to.	9.26%	54
No, not at this time.	43.05%	251
Total		583

Q74 You indicated that your firm has a cybersecurity program. Which of the following are parts of your program? (Select the best options that apply)

Answered: 450 Skipped: 281



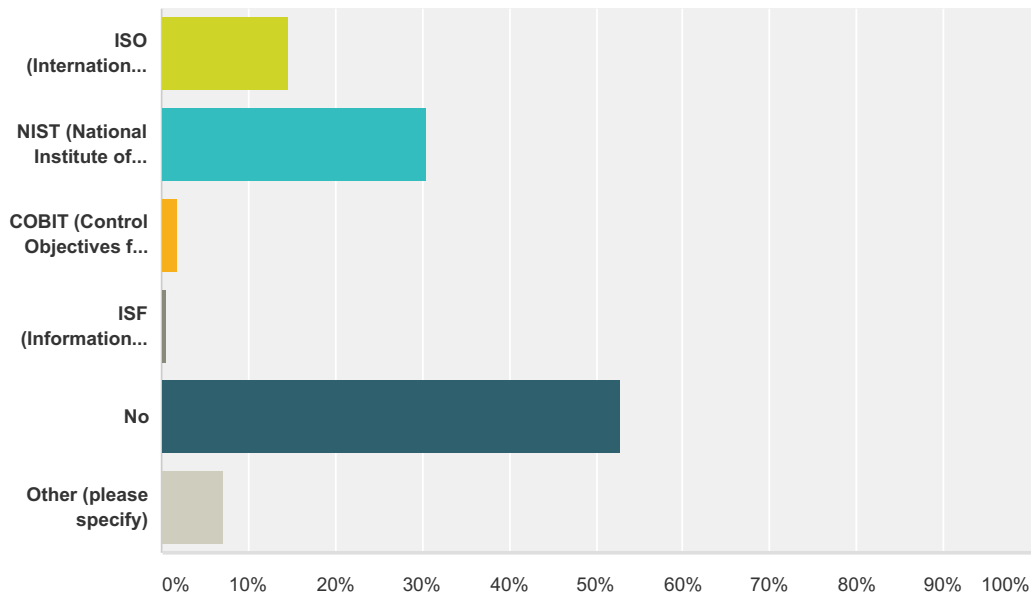
Answer Choices	Responses
We conduct external independent vulnerability reviews/penetration tests.	65.78% 296
We have adopted a formally documented incident response plan with cross functional involvement on material items (i.e., IT, compliance, and legal).	61.33% 276

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We have adopted a formally documented incident response plan which is IT-centric only.	24.22% 109
We have implemented an informal incident response plan.	22.22% 100
We protect remote access to our systems with user ID and passwords.	69.11% 311
We protect remote access to our systems with user ID and passwords and a second form of authentication in some cases (i.e., token, biometric, etc.).	32.44% 146
We protect remote access to our systems with user ID and password and second form of authentication in all cases.	32.44% 146
We monitor and internally report on vulnerability attempts (i.e., hacking) made against our network to senior management.	63.11% 284
We have a formal intrusion detection/prevention program using software managed by internal IT team.	40.89% 184
We have a formal intrusion detection/prevention program using software and services monitored by external managed service provider.	43.78% 197
We currently monitor and block for malware and explicit content.	84.44% 380
We currently monitor and block restricted business content.	44.89% 202
We perform cybersecurity awareness training for employees.	80.22% 361
Other (please specify)	3.56% 16
Total Respondents: 450	

Q75 Does your firm benchmark to a specific industry IT security/control framework?

Answered: 433 Skipped: 298



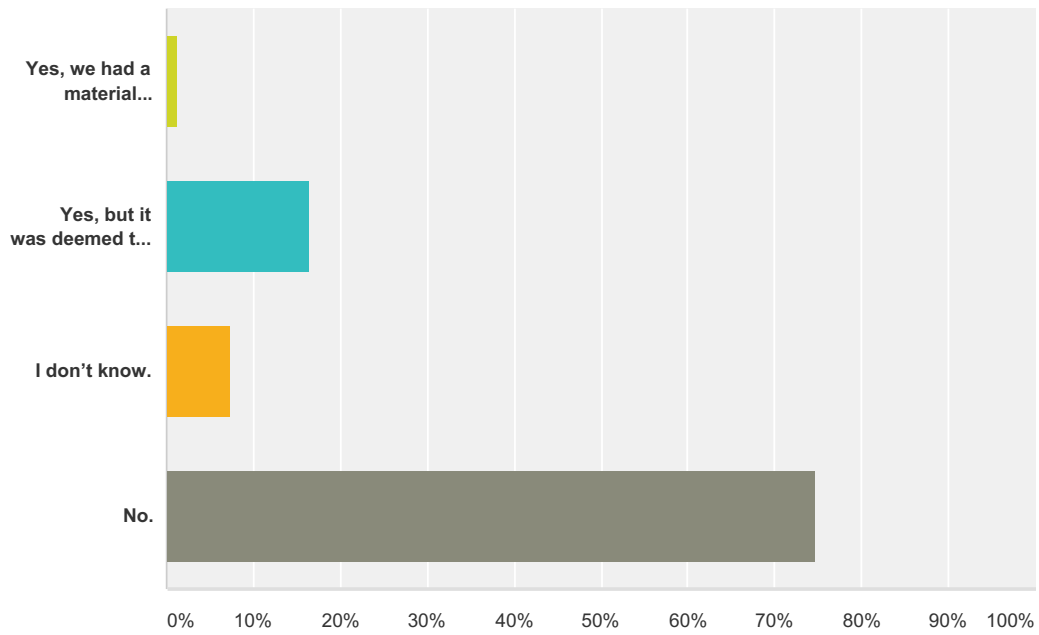
Answer Choices	Responses
ISO (International Organization for Standardization)	14.55% 63
NIST (National Institute of Standards and Technology)	30.48% 132
COBIT (Control Objectives for Information and Related Technology)	1.85% 8
ISF (Information Security Forum)	0.69% 3
No	52.89% 229
Other (please specify)	7.16% 31
Total Respondents: 433	

Q76 How has your firm's approach towards investing in cybersecurity programs changed since January 1, 2015? 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.)

Answered: 266 Skipped: 465

Q77 Has your firm been a victim of a cyber-breach in the past 18 months?

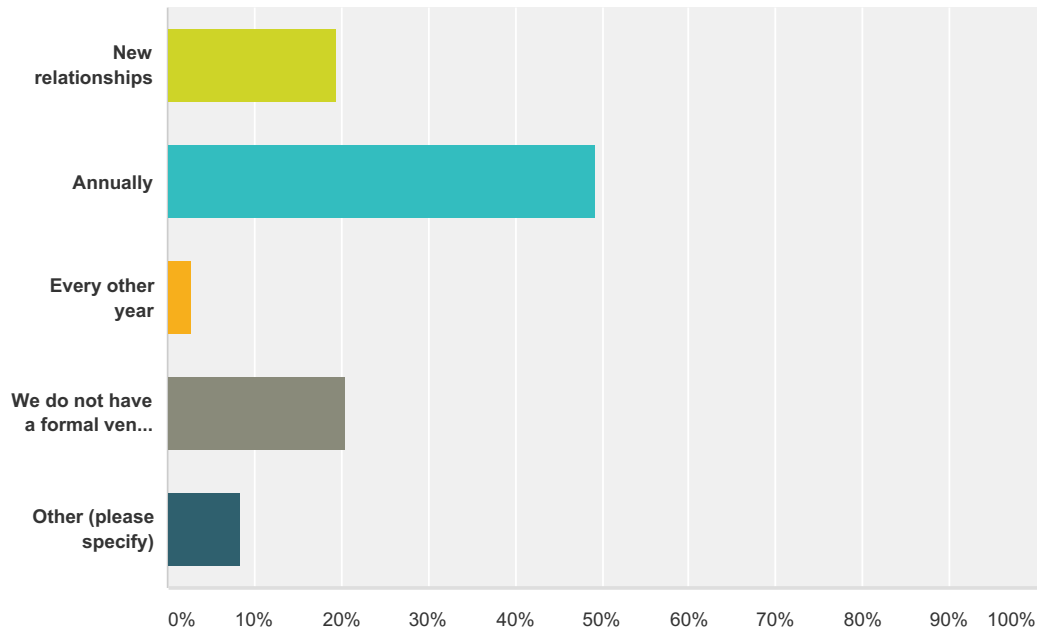
Answered: 449 Skipped: 282



Answer Choices	Responses
Yes, we had a material breach.	1.34% 6
Yes, but it was deemed to be immaterial.	16.48% 74
I don't know.	7.35% 33
No.	74.83% 336
Total	449

Q78 How often does your firm conduct due diligence on how your key vendors manage cybersecurity?

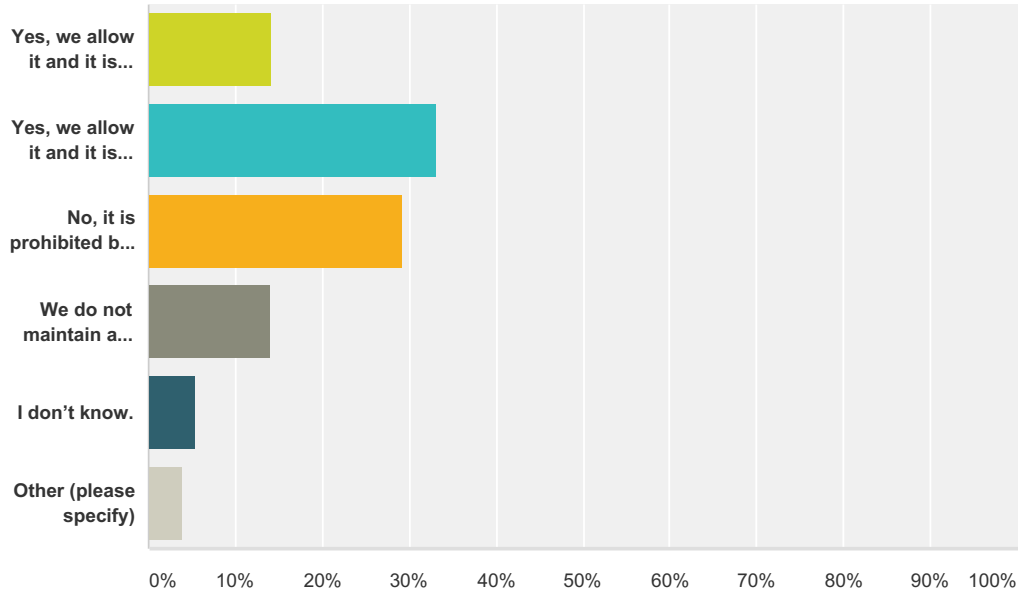
Answered: 447 Skipped: 284



Answer Choices	Responses
New relationships	19.46% 87
Annually	49.22% 220
Every other year	2.68% 12
We do not have a formal vendor management review policy.	20.36% 91
Other (please specify)	8.28% 37
Total	447

Q79 Does your firm allow the use of Cloud-based file sharing programs (i.e., Dropbox, Box.com, Sharefile, etc.)?

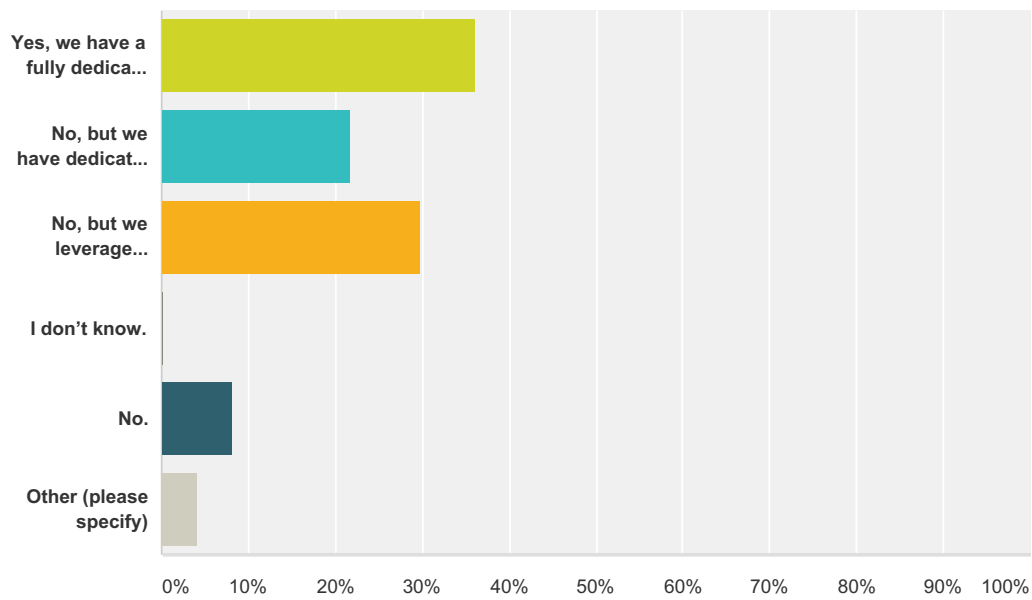
Answered: 449 Skipped: 282



Answer Choices	Responses	
Yes, we allow it and it is self-managed by employees.	14.25%	64
Yes, we allow it and it is managed by our corporate IT department.	33.18%	149
No, it is prohibited by policy.	29.18%	131
We do not maintain a policy regarding these programs.	14.03%	63
I don't know.	5.35%	24
Other (please specify)	4.01%	18
Total		449

Q80 Does your firm have a fully dedicated IT risk/security professional or team?

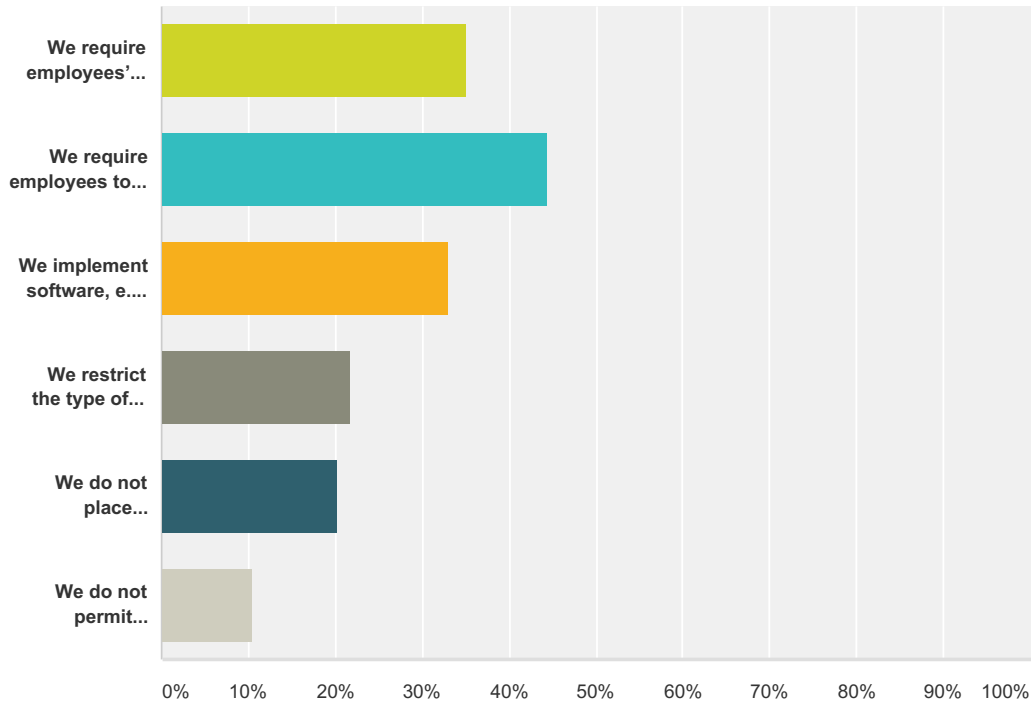
Answered: 447 Skipped: 284



Answer Choices	Responses	
Yes, we have a fully dedicated internal IT risk/security function.	36.02%	161
No, but we have dedicated internal IT professionals that manage IT risk/security.	21.70%	97
No, but we leverage external outsourcing/co-sourcing.	29.75%	133
I don't know.	0.22%	1
No.	8.05%	36
Other (please specify)	4.25%	19
Total		447

Q81 Does your firm allow BYOD (bring your own device) mobile devices? If so, what does the BYOD program include? (Select all that apply)

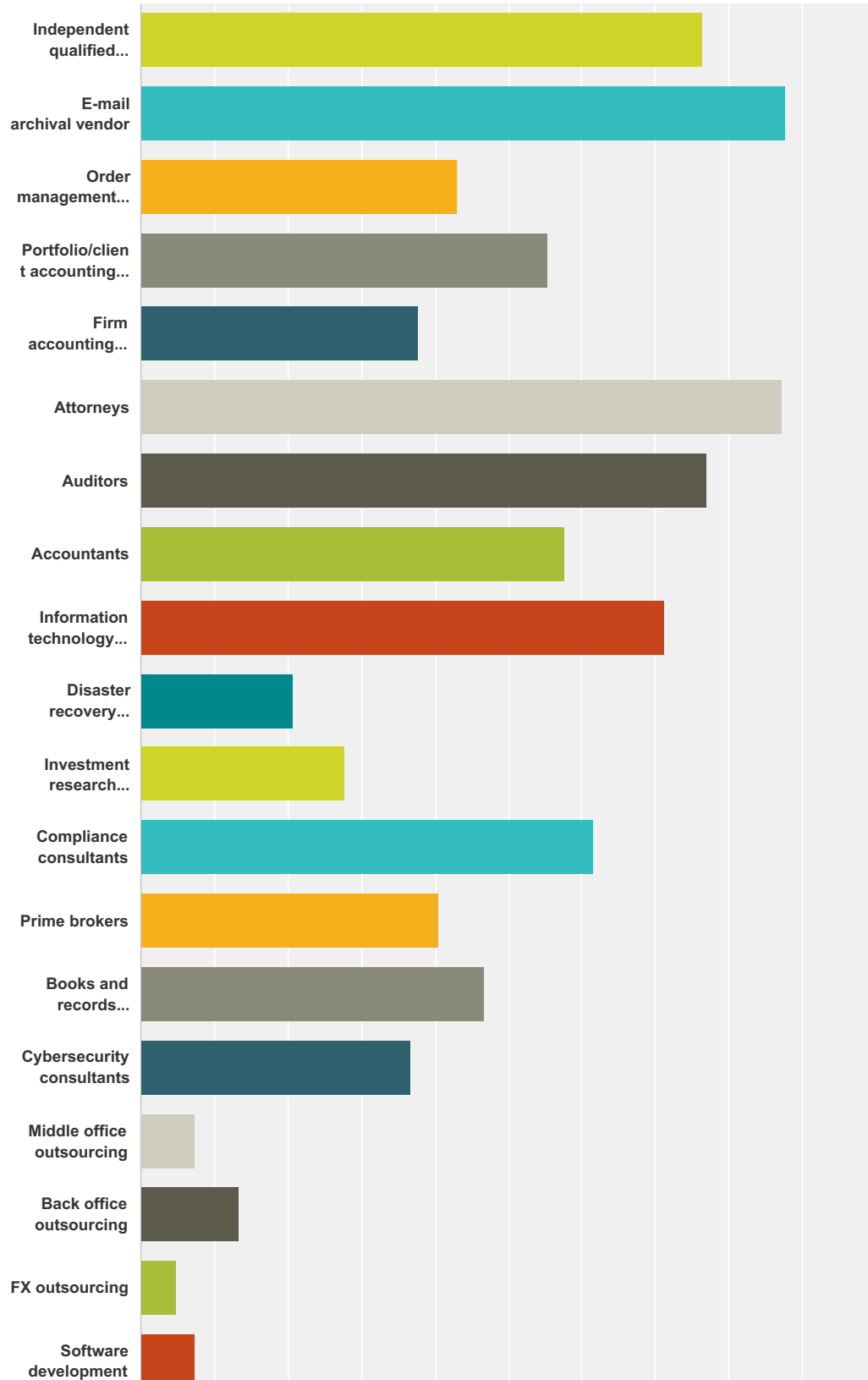
Answered: 444 Skipped: 287



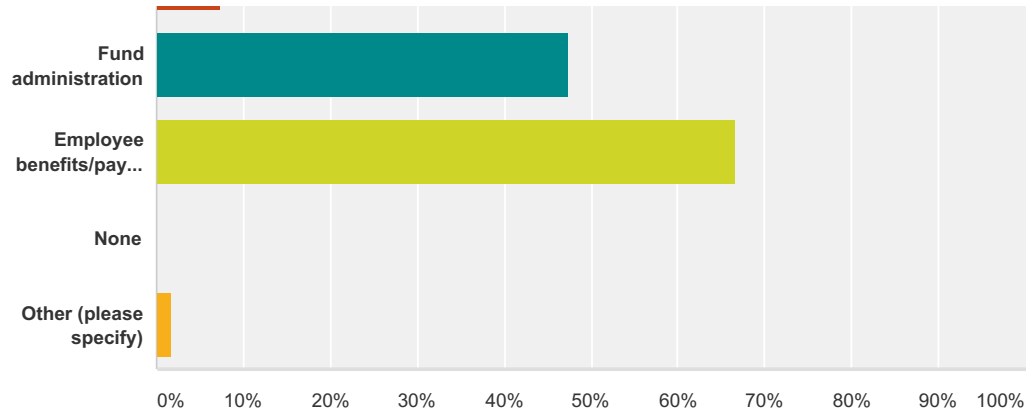
Answer Choices	Responses
We require employees' devices to be encrypted.	35.14% 156
We require employees to have complex passwords to access the device.	44.37% 197
We implement software, e.g., Good, that allows the firm to monitor/manage company content on personal devices.	32.88% 146
We restrict the type of devices that employees may use.	21.62% 96
We do not place restrictions on the use of employees' personal devices.	20.27% 90
We do not permit employees to use their own devices.	10.36% 46
Total Respondents: 444	

Q82 Which type(s) of third-party service providers does your firm use (Select all that apply):

Answered: 573 Skipped: 158



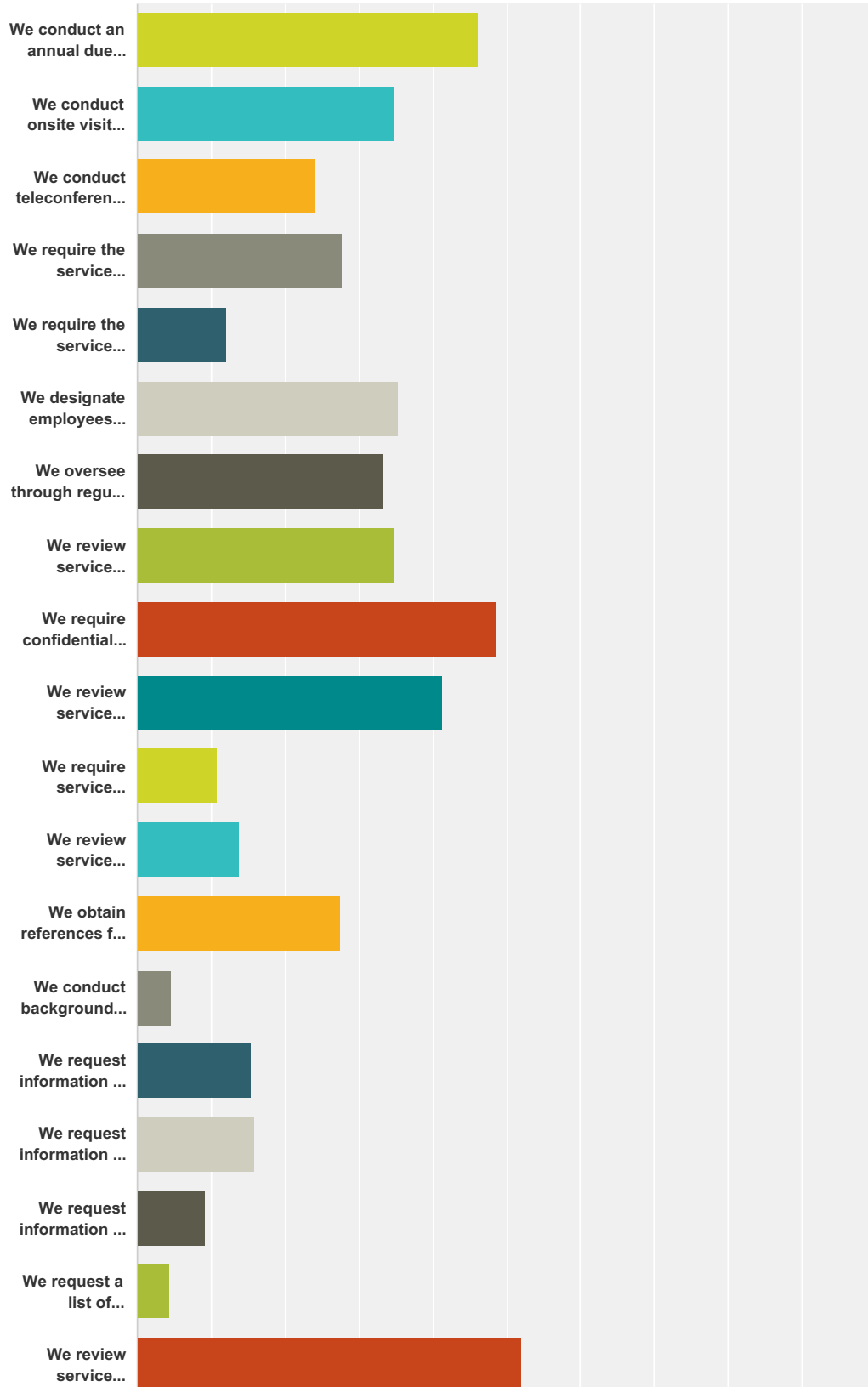
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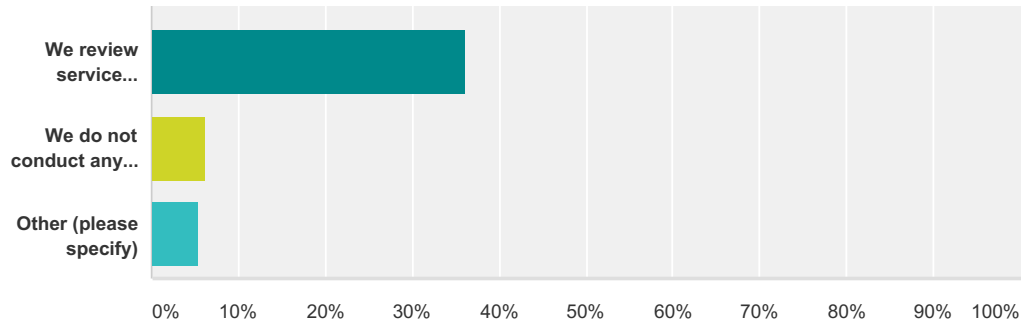
Answer Choices	Responses
Independent qualified custodians	76.44% 438
E-mail archival vendor	87.61% 502
Order management vendor	42.93% 246
Portfolio/client accounting vendor	55.32% 317
Firm accounting vendor	37.70% 216
Attorneys	87.26% 500
Auditors	76.96% 441
Accountants	57.59% 330
Information technology companies (hardware and network management)	71.20% 408
Disaster recovery planning vendor	20.77% 119
Investment research consultants	27.75% 159
Compliance consultants	61.61% 353
Prime brokers	40.49% 232
Books and records storage/management vendors	46.77% 268
Cybersecurity consultants	36.65% 210
Middle office outsourcing	7.33% 42
Back office outsourcing	13.26% 76
FX outsourcing	4.89% 28
Software development	7.33% 42
Fund administration	47.29% 271
Employee benefits/payroll	66.67% 382
None	0.00% 0
Other (please specify)	1.57% 9
Total Respondents: 573	

Q83 How does your firm conduct oversight of its third-party service providers? (Select all that apply)

Answered: 560 Skipped: 171



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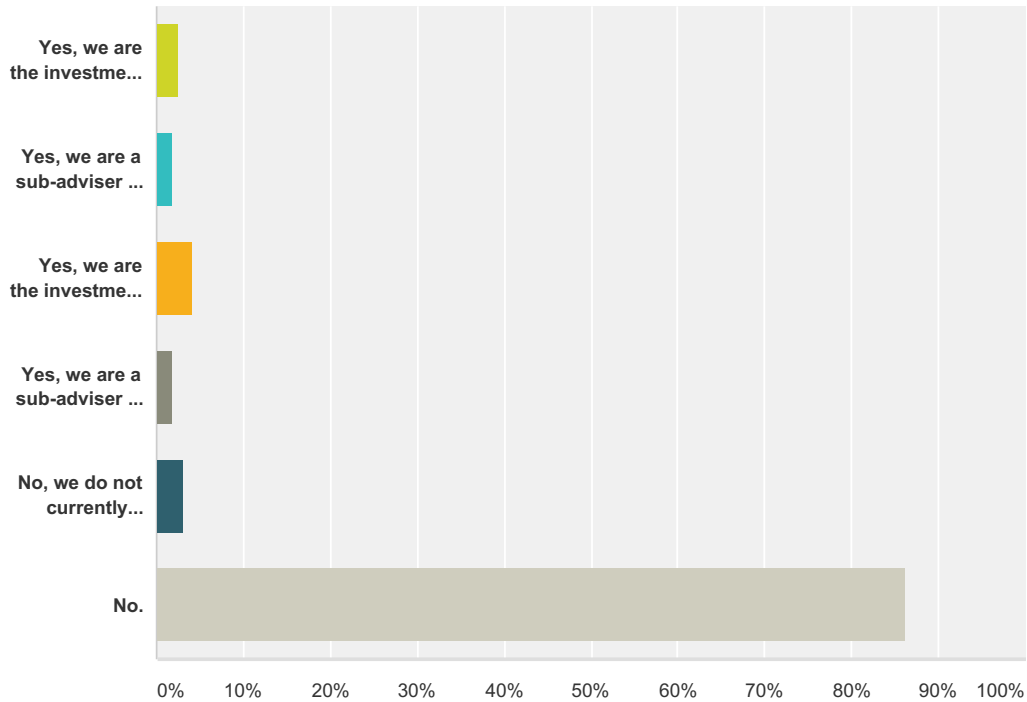
Answer Choices	Responses	
We conduct an annual due diligence review.	46.07%	258
We conduct onsite visits on a periodic basis.	34.82%	195
We conduct teleconferences on a periodic basis.	24.29%	136
We require the service provider to complete a periodic questionnaire.	27.68%	155
We require the service provider to complete annual attestations of compliance with the service agreement.	12.14%	68
We designate employees responsible for managing each relationship.	35.18%	197
We oversee through regular interaction but do not conduct a focused review.	33.39%	187
We review service providers' privacy policies.	34.82%	195
We require confidentiality agreements.	48.57%	272
We review service providers' disaster recovery plans.	41.25%	231
We require service providers to provide exception reporting.	10.89%	61
We review service providers' company financial statements.	13.75%	77
We obtain references from other customers.	27.50%	154
We conduct background checks of key employees of service providers assigned to our account.	4.64%	26
We request information on any current litigation.	15.54%	87
We request information on service providers' regulatory history.	15.89%	89
We request information on any criminal history.	9.11%	51
We request a list of complaints.	4.29%	24
We review service providers' SSAE 16s where applicable.	51.96%	291
We review service providers' cybersecurity policies.	36.07%	202
We do not conduct any oversight of service providers.	6.25%	35
Other (please specify)	5.36%	30
Total Respondents: 560		

Q84 How has your firm's approach towards oversight of third-parties changed since January 1, 2015? 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.)

Answered: 245 Skipped: 486

Q85 Does your firm currently manage any “liquid alternatives” (i.e., 1940 Investment Company Act (“40 Act”) registered funds with an alternative strategy) or are you contemplating the management of one in the near future?

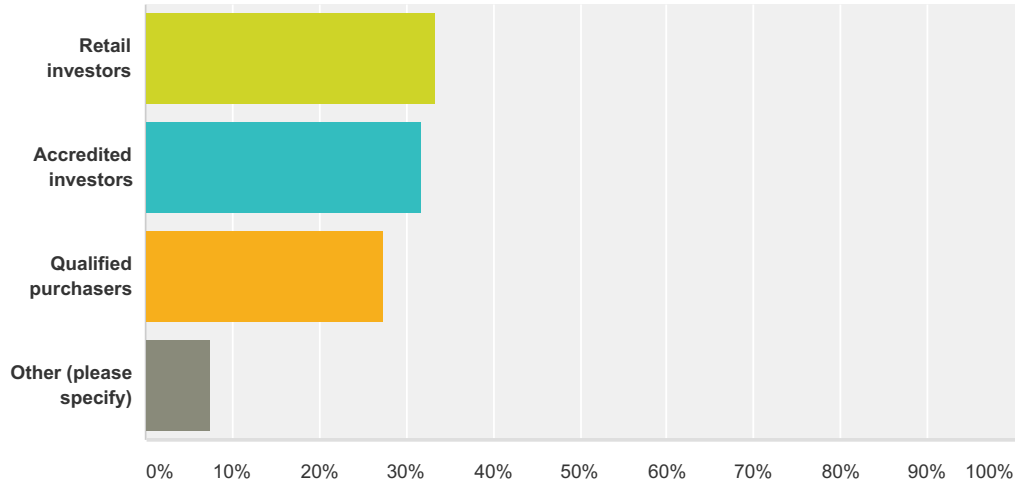
Answered: 565 Skipped: 166



Answer Choices	Responses	
Yes, we are the investment adviser to a single liquid alternative fund.	2.48%	14
Yes, we are a sub-adviser to a single liquid alternative fund.	1.95%	11
Yes, we are the investment adviser to multiple liquid alternative funds.	4.25%	24
Yes, we are a sub-adviser to multiple liquid alternative funds.	1.95%	11
No, we do not currently manage a fund, but are considering launching one in the next 12 months.	3.19%	18
No.	86.19%	487
Total		565

Q86 Who are the likely investors for your fund based on the minimum investment levels established?

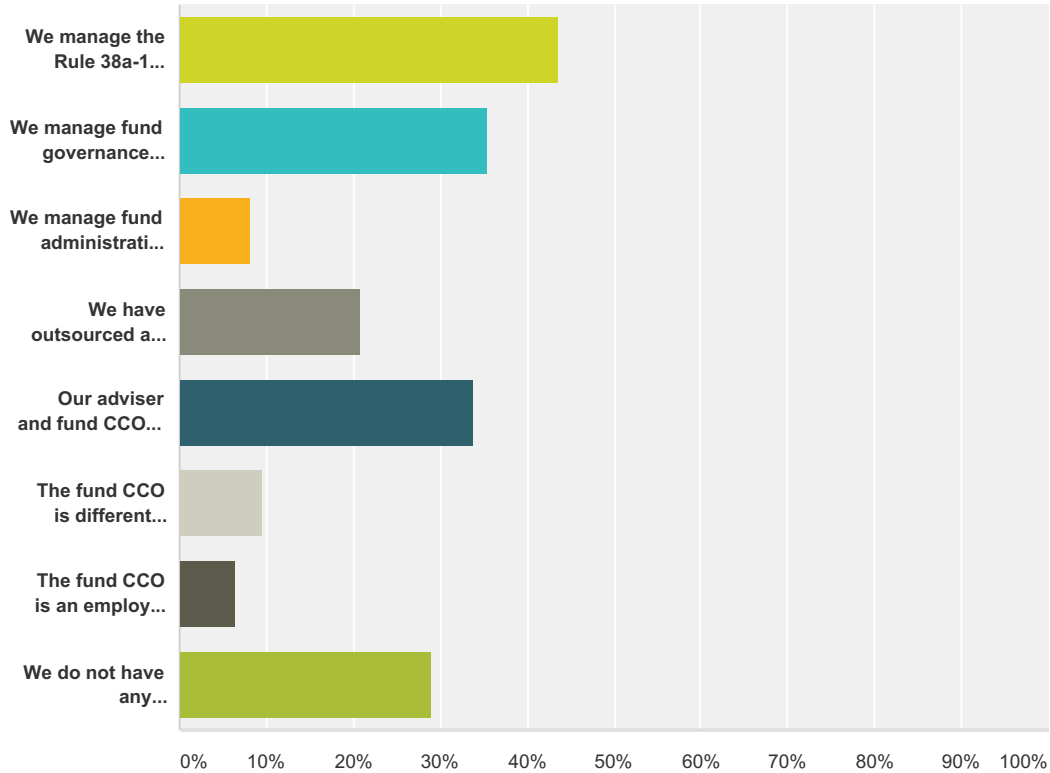
Answered: 66 Skipped: 665



Answer Choices	Responses
Retail investors	33.33% 22
Accredited investors	31.82% 21
Qualified purchasers	27.27% 18
Other (please specify)	7.58% 5
Total	66

**Q87 Which of the below describes your responsibilities with regard to the fund?
(Select all that apply)**

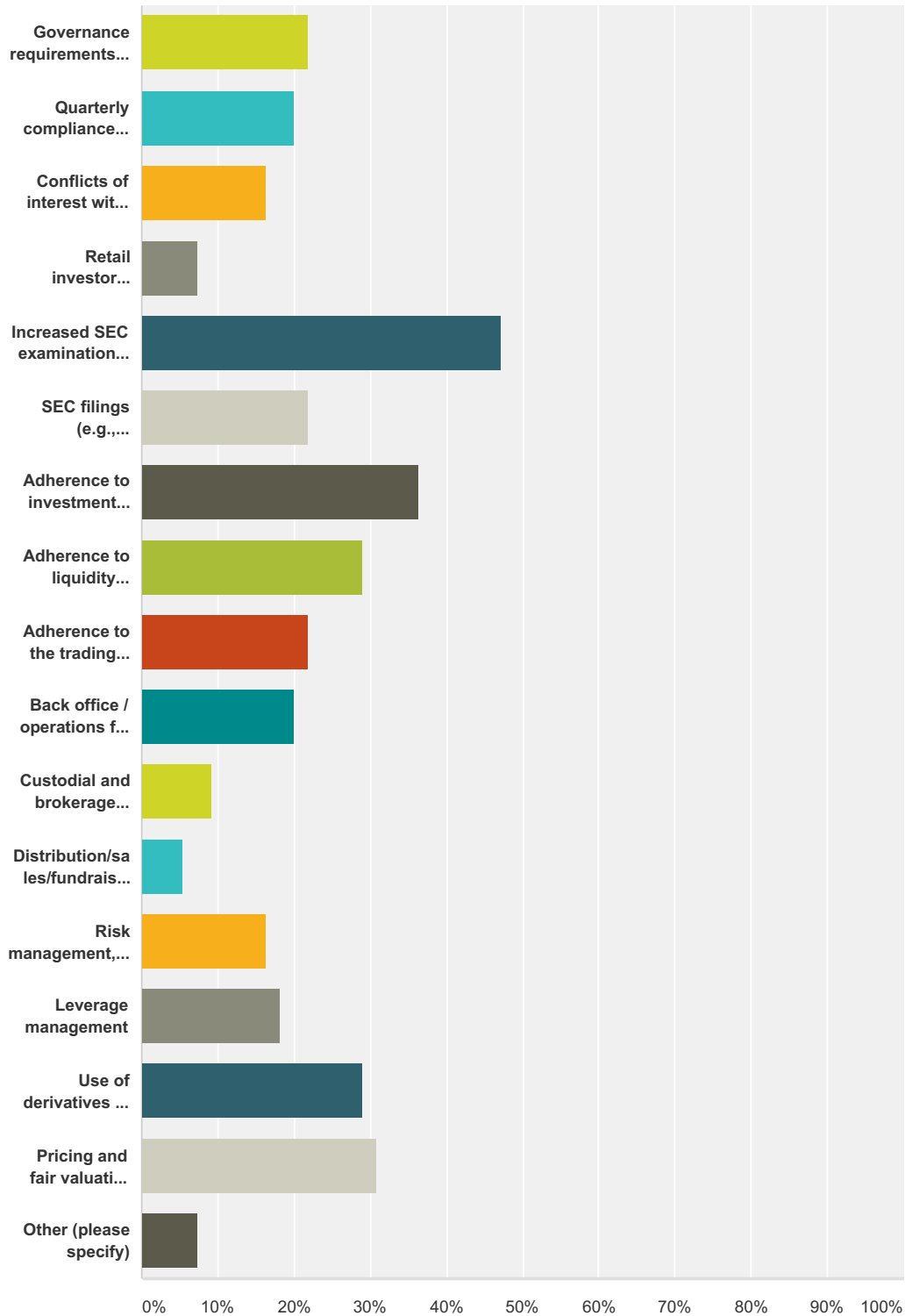
Answered: 62 Skipped: 669



Answer Choices	Responses
We manage the Rule 38a-1 compliance program and legal in-house.	43.55% 27
We manage fund governance in-house.	35.48% 22
We manage fund administration in-house (i.e., transfer agency, accounting, reporting etc.).	8.06% 5
We have outsourced all functions of fund compliance and administration of the fund to a platform provider.	20.97% 13
Our adviser and fund CCO are one in the same.	33.87% 21
The fund CCO is different than the adviser CCO but is an employee of the adviser.	9.68% 6
The fund CCO is an employee of a service provider.	6.45% 4
We do not have any responsibilities beyond investment management for the fund.	29.03% 18
Total Respondents: 62	

Q88 What do you view as the biggest compliance concerns/challenges to managing a liquid alternative fund (Select all that apply)?

Answered: 55 Skipped: 676



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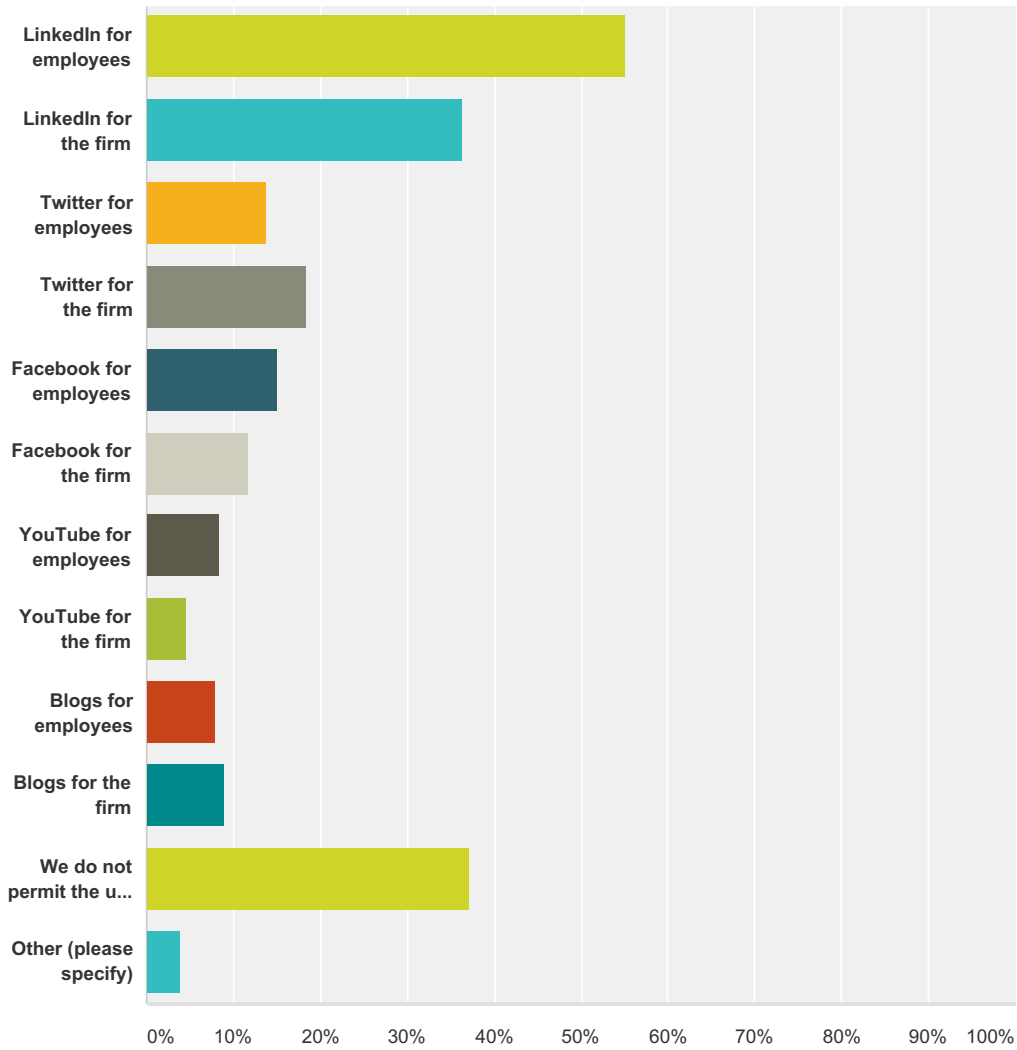
Answer Choices	Responses	
Governance requirements, including the Section 15(c) contract renewal process	21.82%	12
Quarterly compliance reporting to fund board	20.00%	11
Conflicts of interest with other clients	16.36%	9
Retail investor base/suitability assessments	7.27%	4
Increased SEC examination focus	47.27%	26
SEC filings (e.g., financial reporting)	21.82%	12
Adherence to investment rules of the '40 Act	36.36%	20
Adherence to liquidity provisions of the '40 Act	29.09%	16
Adherence to the trading rules of the '40 Act	21.82%	12
Back office / operations for settlements and confirmation processes	20.00%	11
Custodial and brokerage relationships	9.09%	5
Distribution/sales/fundraising management	5.45%	3
Risk management, diversification and position limits	16.36%	9
Leverage management	18.18%	10
Use of derivatives and collateral management	29.09%	16
Pricing and fair valuation of investments	30.91%	17
Other (please specify)	7.27%	4
Total Respondents: 55		

Q89 How has your firm's approach towards alternative investment products changed since January 1, 2015? 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.)

Answered: 16 Skipped: 715

Q90 If you permit firm/employee use of social media for business purposes, what types of activities are permitted/engaged in by your firm? (Select all that apply)

Answered: 567 Skipped: 164



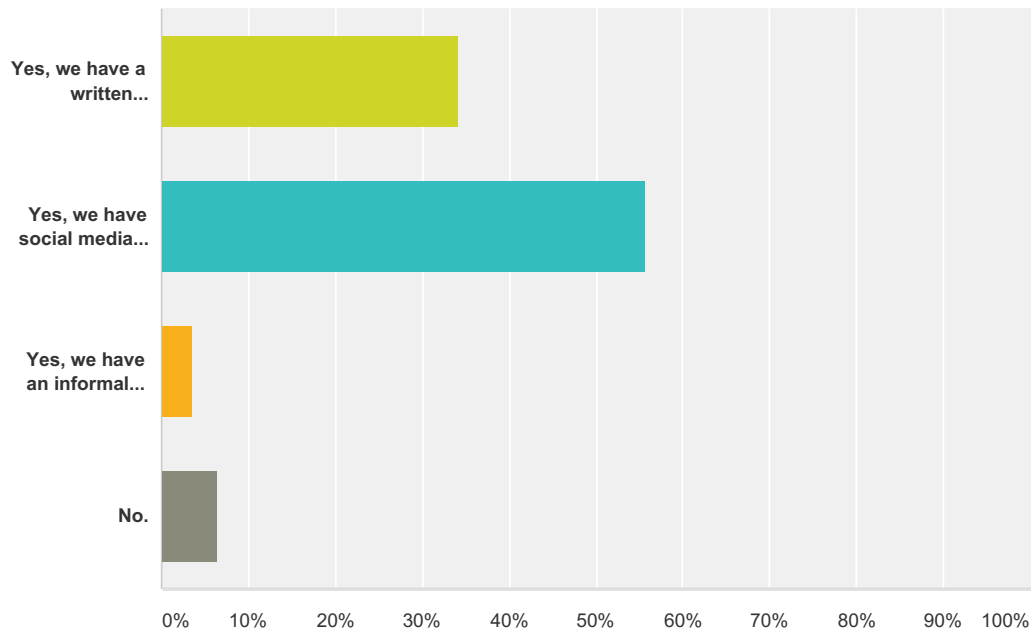
Answer Choices	Responses
LinkedIn for employees	55.03% 312
LinkedIn for the firm	36.33% 206
Twitter for employees	13.76% 78
Twitter for the firm	18.34% 104
Facebook for employees	14.99% 85
Facebook for the firm	11.64% 66
YouTube for employees	8.29% 47

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YouTube for the firm	4.59%	26
Blogs for employees	7.94%	45
Blogs for the firm	8.99%	51
We do not permit the use of social media for business purposes	37.21%	211
Other (please specify)	4.06%	23
Total Respondents: 567		

Q91 Does your firm have a social media policy?

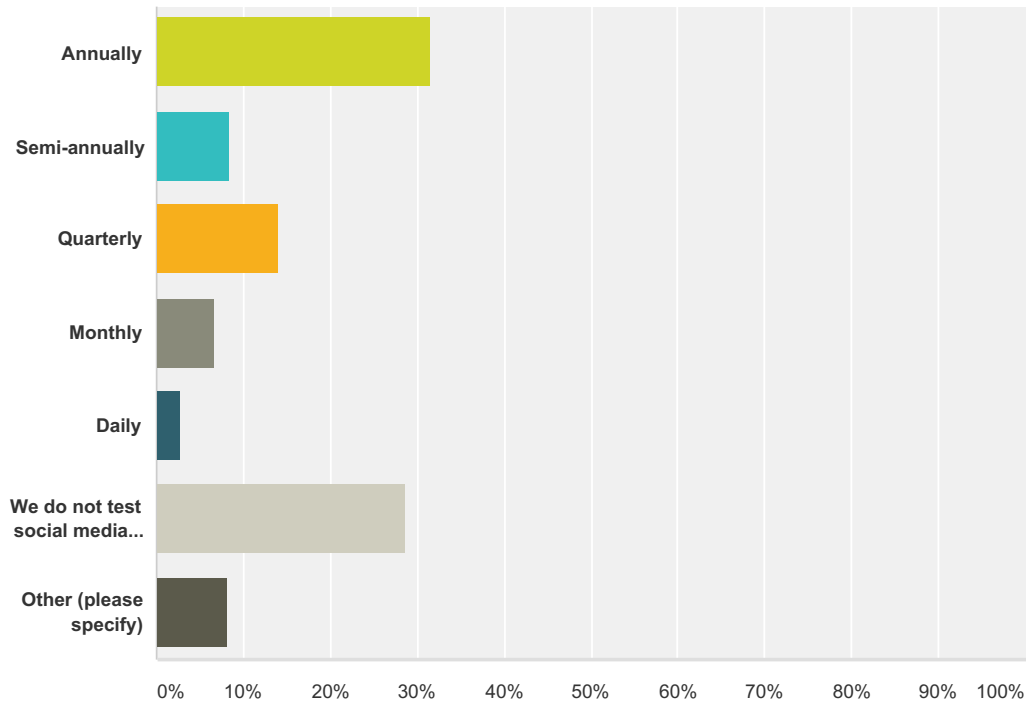
Answered: 571 Skipped: 160



Answer Choices	Responses	
Yes, we have a written stand-alone social media policy.	34.33%	196
Yes, we have social media policies included in other written policies and procedures.	55.69%	318
Yes, we have an informal unwritten social media policy.	3.50%	20
No.	6.48%	37
Total		571

Q92 As a general matter, how often do you test social media compliance?

Answered: 568 Skipped: 163



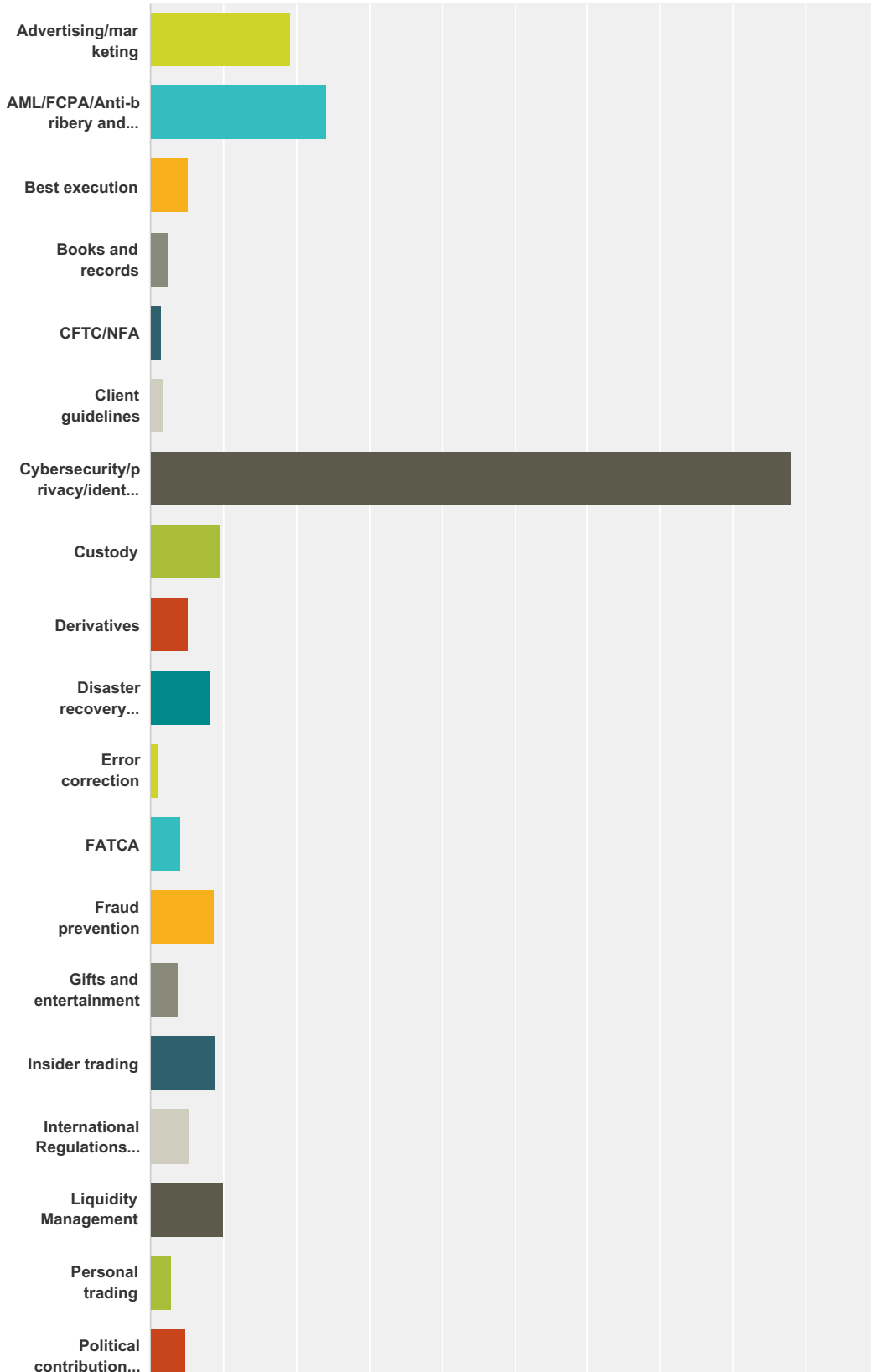
Answer Choices	Responses	
Annually	31.51%	179
Semi-annually	8.27%	47
Quarterly	14.08%	80
Monthly	6.69%	38
Daily	2.64%	15
We do not test social media compliance.	28.70%	163
Other (please specify)	8.10%	46
Total		568

Q93 Please describe how your firm's use of social media has changed since January 1, 2015. (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.)

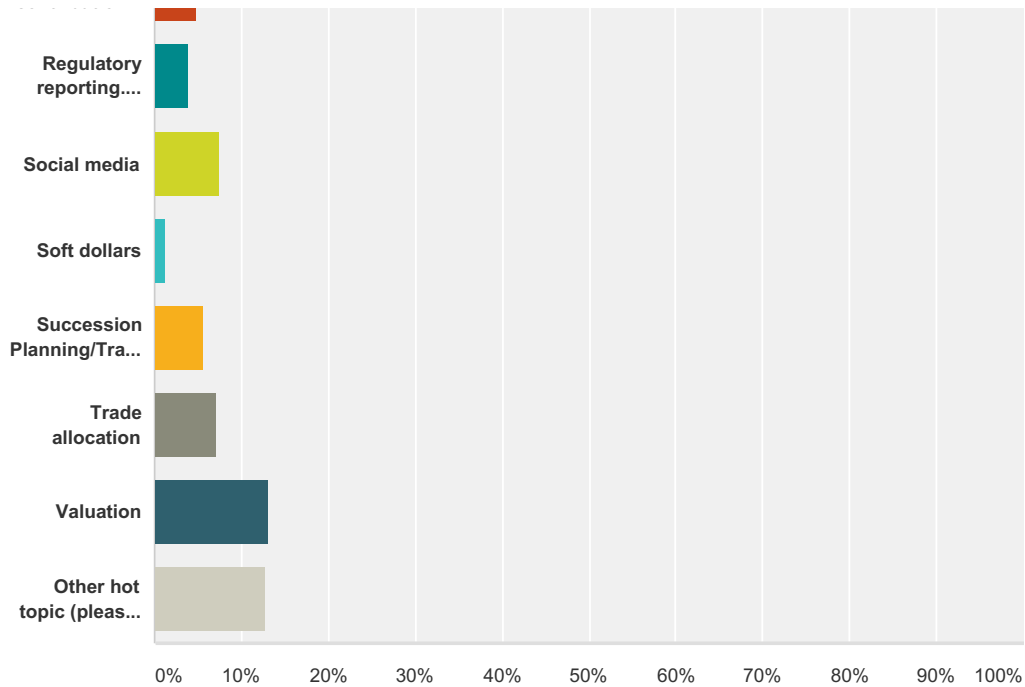
Answered: 205 Skipped: 526

Q94 Which of the following areas do you view as the “hottest” compliance topics for 2016?(please pick only three!)

Answered: 580 Skipped: 151



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Answer Choices	Responses	
Advertising/marketing	19.31%	112
AML/FCPA/Anti-bribery and Corruption	24.14%	140
Best execution	5.17%	30
Books and records	2.59%	15
CFTC/NFA	1.38%	8
Client guidelines	1.72%	10
Cybersecurity/privacy/identity theft	87.93%	510
Custody	9.66%	56
Derivatives	5.17%	30
Disaster recovery planning	8.10%	47
Error correction	1.03%	6
FATCA	4.14%	24
Fraud prevention	8.79%	51
Gifts and entertainment	3.79%	22
Insider trading	8.97%	52
International Regulations (e.g. MiFID II)	5.52%	32
Liquidity Management	10.00%	58
Personal trading	2.93%	17
Political contributions/Pay-to-play	4.83%	28

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Regulatory reporting. (e.g., Form ADV, Form 13F.)	3.97%	23
Social media	7.59%	44
Soft dollars	1.21%	7
Succession Planning/Transition Planning	5.69%	33
Trade allocation	7.07%	41
Valuation	13.10%	76
Other hot topic (please specify):	12.76%	74
Total Respondents: 580		