

2024

Investment Management Compliance Testing

# Survey Results



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# 2024 Investment Management Compliance Testing Survey

## Overview

Now in its 19th year, the *Investment Management Compliance Testing Survey* is a joint project of the [Investment Adviser Association](#), [ACA Group](#), and [Yuter Compliance Consulting](#). It is the most comprehensive resource available for identifying the top concerns of investment management compliance professionals and the types of compliance testing and control practices investment adviser firms are using to address core compliance topics.

## Notable Findings

The 2024 survey, conducted online throughout May, covered a wide range of topics and offered extensive insight into common control strategies. In addition to the top compliance hot topics, the survey provided notable findings on subjects such as:

- **Electronic Communications Surveillance/Off-Channel Communications was identified by 59% of survey respondents as the “hottest” compliance topic.** Advertising/Marketing followed closely by 57% of respondents and Artificial Intelligence/Predictive Analytics debuted in third place, with 46% of respondents including this on their list of hot topics. Other key focus areas noted as aligning with the SEC’s exam, enforcement, and rulemaking priorities included:
  - Cybersecurity
  - Private Funds
  - Conflicts of Interest
  - Vendor Due Diligence
  - Environmental, Social, and Governance
  - Anti-Money Laundering
  - Books and Records
- **The industry is focused on SEC exams**, with 83% of respondents reporting that they are undergoing an exam or have been examined in the past 5 years. **The top examiner focus areas on recent SEC exams** were reported as: #1 Books and Records (58%), #2 Advertising and Marketing (57%), and #3 Conflicts of Interest (50%).
- Investment advisers are enhancing their compliance programs, with **65% having conducted or intending to conduct a mock SEC exam**, for example, as well as increased testing. A significant portion of respondents (85%) reported that a mock exam **prepared them for an actual SEC exam and identified issues and best practice enhancements**.
- **The top areas of increased testing included:** #1 Electronic Communication Surveillance/Off-Channel Communications (73%), #2 Advertising/Marketing (65%), #3 Cybersecurity (57%), #4 Vendor Due Diligence (44%), and #5 Books and Records (36%). These top areas are in line with SEC rulemaking and enforcement focus areas **reflecting a proactive industry** — a continuing trend over the last several years. Also, the **majority of respondents did not decrease testing** in any area.

## About the Survey Respondents

Compliance professionals at 595 investment adviser firms participated in the survey. All firm sizes were represented — with 24% of respondents managing less than \$1 billion in assets, 44% managing \$1 billion to \$10 billion, and 34% managing more than \$10 billion. Close to half (43%) of responding firms reported having between 11 and 50 employees, consistent with industry data showing that most investment advisers are small-to mid-sized businesses. This year’s survey also revealed that the majority of CCOs (59%) continue to wear more than one hat (with 17% also serving in some legal capacity).

Services provided by responding firms spanned the full range of client types, including retail individuals with a typical account size of \$1 million or less (33% of respondents), private funds (63%), ERISA assets/pension consultants (37%), institutional clients (50%), and high net worth individuals (50%).

## About the Investment Adviser Association

The Investment Adviser Association (IAA) is the leading trade association representing the interests of fiduciary investment advisers. The IAA's member firms collectively manage more than \$35 trillion in assets for a wide variety of institutional and individual investors. In addition to serving as the voice of the advisory profession on Capitol Hill and before the SEC, DOL, CFTC and other U.S. and international regulators, the IAA provides extensive practical and educational resources to its membership. For more information, visit [www.investmentadviser.org](http://www.investmentadviser.org) or follow us on [LinkedIn](#), and [YouTube](#).

## About ACA Group

ACA Group (ACA) is the leading governance, risk, and compliance (GRC) advisor in financial services. For over 20 years, we've empowered our clients to reimagine GRC to protect and grow their business. Our global team of 1,250 employees includes former regulators and practitioners with a deep understanding of the regulatory landscape. Our

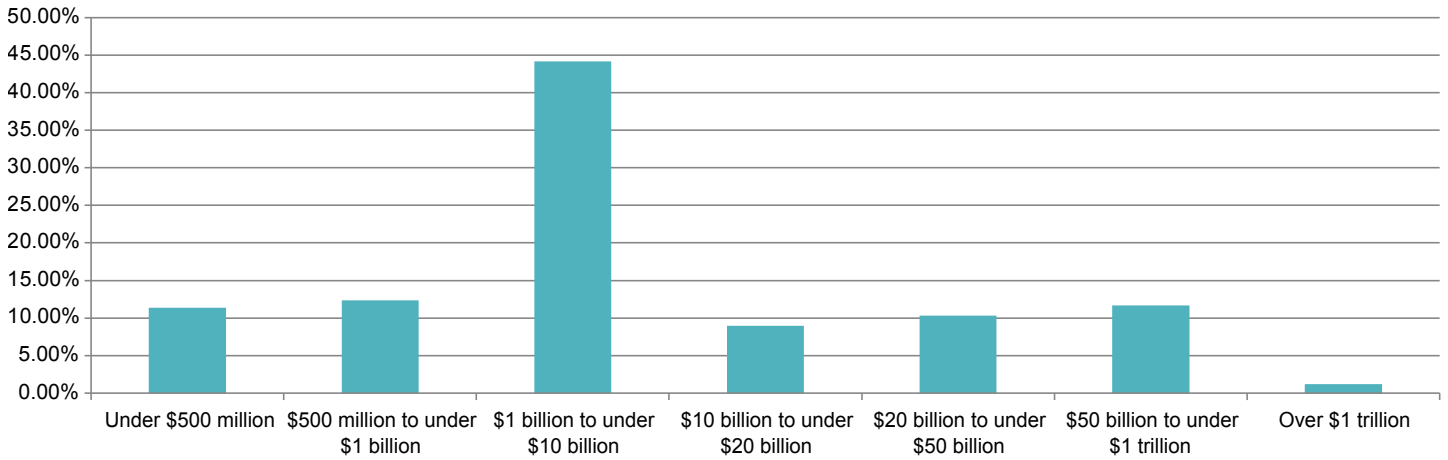
innovative approach integrates advisory, managed services, distribution solutions, and analytics with our ComplianceAlpha® technology platform. For more information, visit [www.acaglobal.com](http://www.acaglobal.com).

## About Yuter Compliance Consulting

Yuter Compliance Consulting (YCC) is an internationally recognized boutique compliance consulting firm offering consultation and support services trusted by the industry's chief compliance officers. Amy Yuter, Managing Principal of Yuter Compliance Consulting, has over 30 years of industry, consultation and SEC regulatory experience in overseeing investment advisers, investment companies, public companies, broker-dealers, and private funds. Amy is the founder of The Philadelphia Compliance Roundtable and the *Investment Management Compliance Testing Survey*. Yuter Compliance Consulting partners with clients to provide personalized consultation and support to enhance compliance resources and improve compliance programs. For more information, visit [www.yutercompliance.com](http://www.yutercompliance.com).

## Survey Demographics & Compliance Program Statistics:

### What are your firm's total RAUM (regulatory assets under management)?

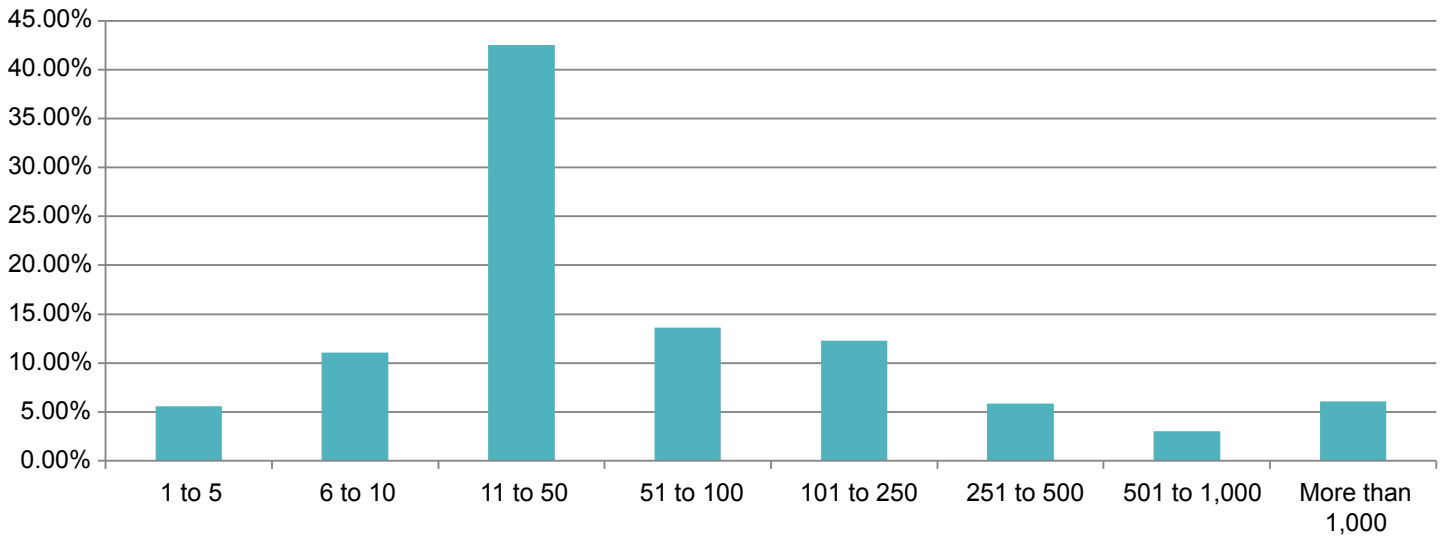


Answer Choices	Responses	
Under \$500 million	11.34%	67
\$500 million to under \$1 billion	12.35%	73
\$1 billion to under \$10 billion	44.16%	261
\$10 billion to under \$20 billion	8.97%	53
\$20 billion to under \$50 billion	10.32%	61
\$50 billion to under \$1 trillion	11.68%	69
Over \$1 trillion	1.18%	7
	<b>Answered</b>	<b>591</b>



## Survey Demographics & Compliance Program Statistics:

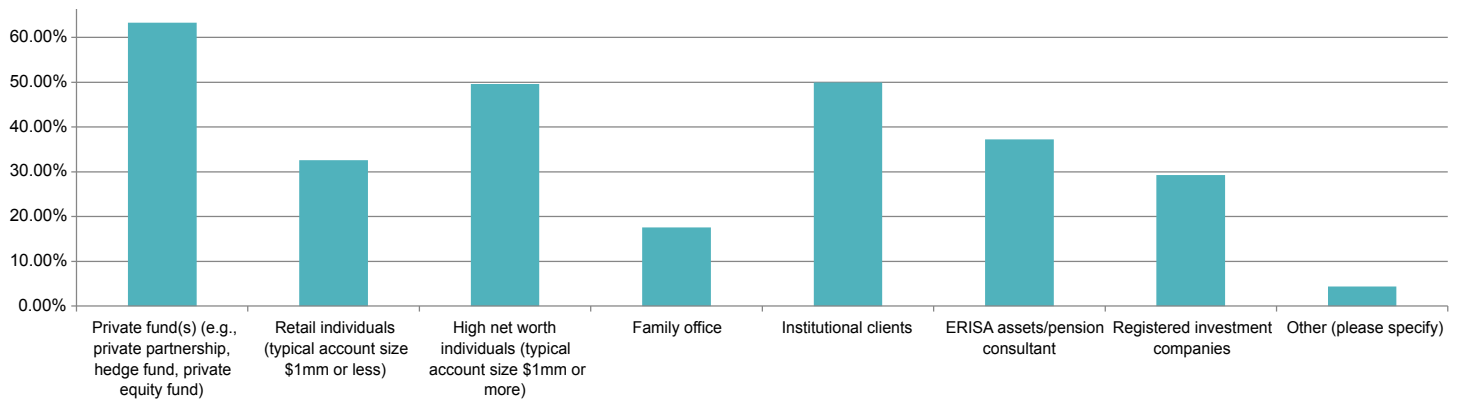
### How many full and part time employees does your firm employ?



Answer Choices	Responses	
1 to 5	5.55%	33
6 to 10	11.09%	66
11 to 50	42.52%	253
51 to 100	13.61%	81
101 to 250	12.27%	73
251 to 500	5.88%	35
501 to 1,000	3.03%	18
More than 1,000	6.05%	36
	<b>Answered</b>	<b>595</b>

# Survey Demographics & Compliance Program Statistics:

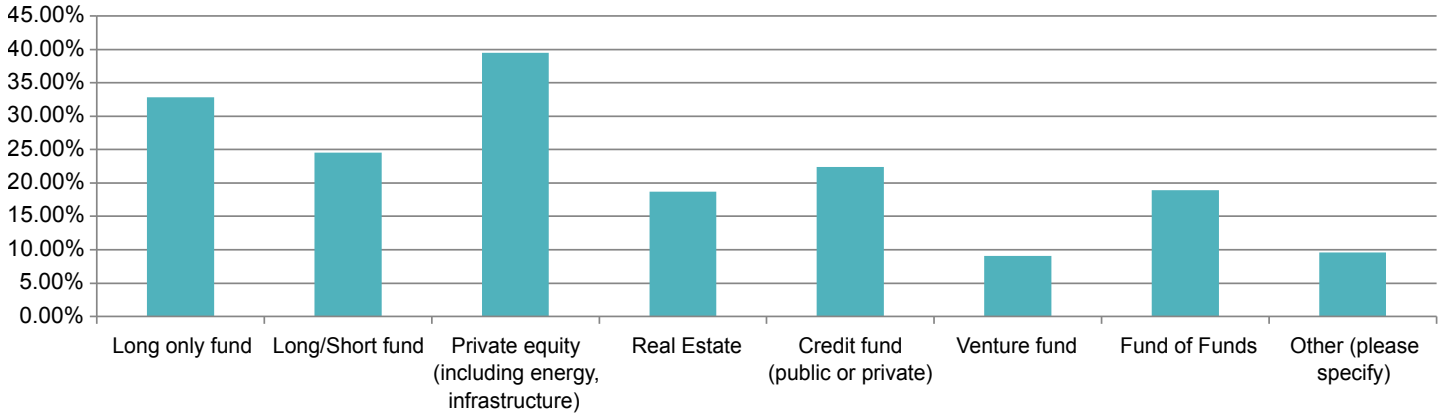
**Your firm is an investment adviser to:** *(Check all that apply)*



Answer Choices	Responses	
Private fund(s) (e.g., private partnership, hedge fund, private equity fund)	63.27%	379
Retail individuals (typical account size \$1mm or less)	32.55%	195
High net worth individuals (typical account size \$1mm or more)	49.58%	297
Family office	17.53%	105
Institutional clients	49.92%	299
ERISA assets/pension consultant	37.23%	223
Registered investment companies	29.22%	175
Other (please specify)	4.34%	26
	<b>Answered</b>	<b>599</b>

## Survey Demographics & Compliance Program Statistics:

**You indicated that you have at least one client that is a private fund. Please specify what type of private fund client(s) you have. Please select one category type per client that is the best fit, if you have multiple private fund clients of different types. (Check all that apply)**



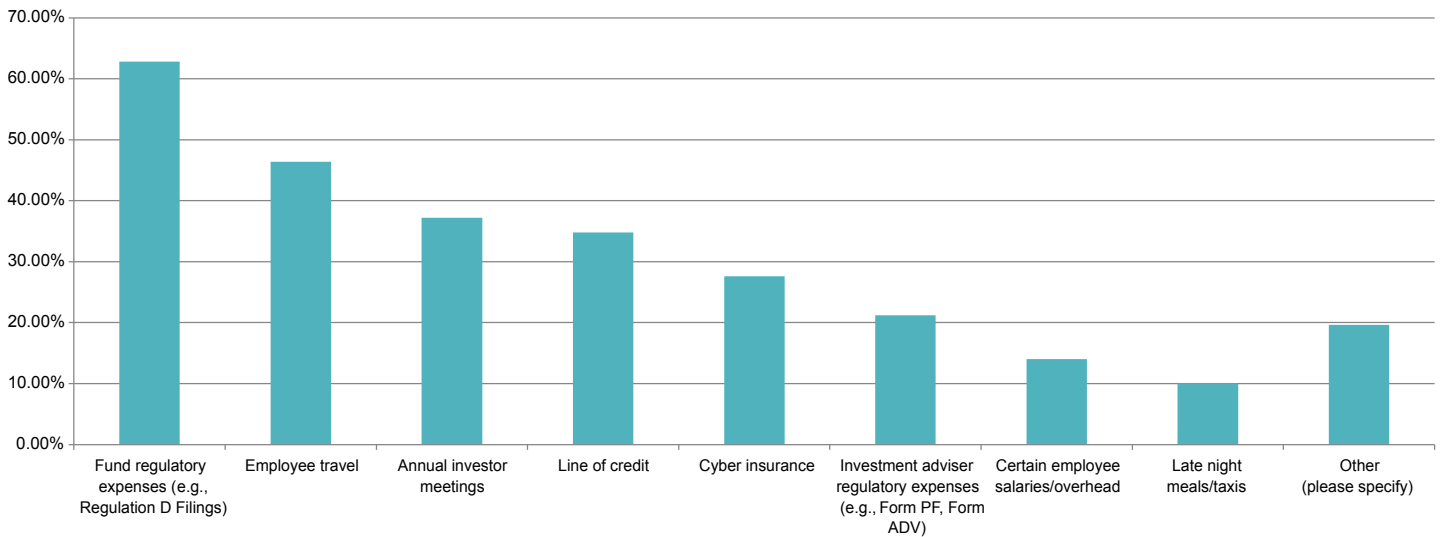
Answer Choices	Responses	
Long only fund	32.80%	123
Long/Short fund	24.53%	92
Private equity (including energy, infrastructure)	39.47%	148
Real Estate	18.67%	70
Credit fund (public or private)	22.40%	84
Venture fund	9.07%	34
Fund of Funds	18.93%	71
Other (please specify)	9.60%	36
	<b>Answered</b>	<b>375</b>



## Private Funds:

### Which of the following expenses does your firm allocate back to the private fund(s)?

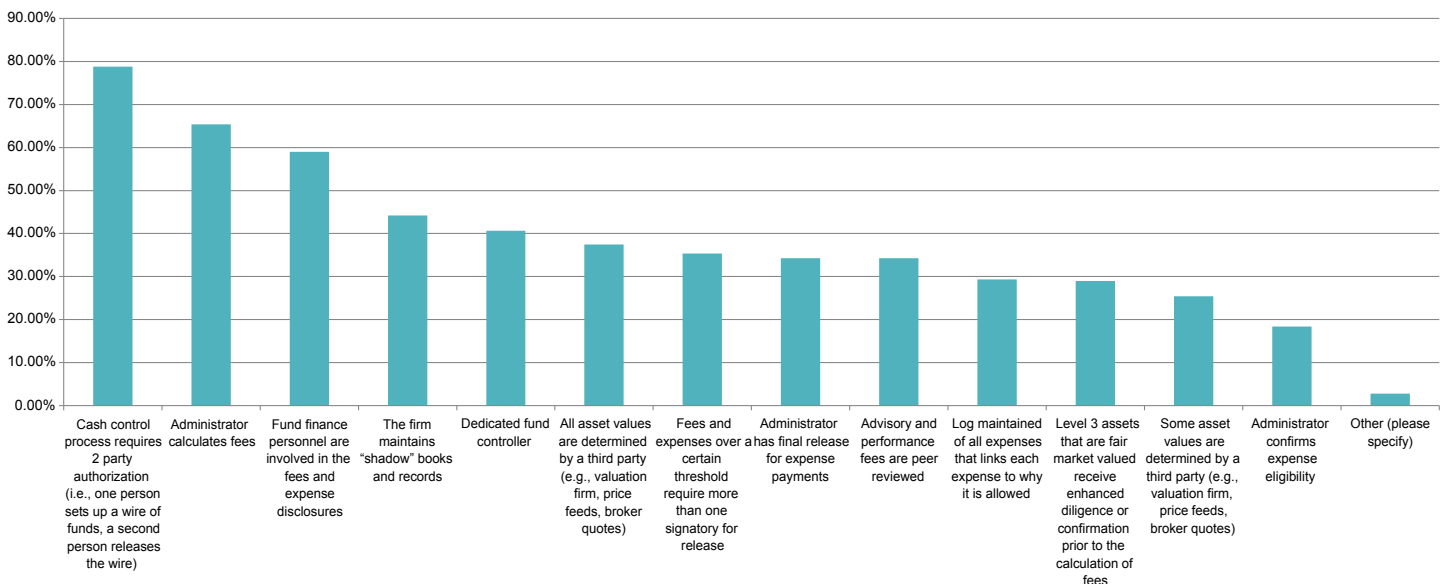
(Check all that apply)



Answer Choices	Responses	
Fund regulatory expenses (e.g., Regulation D Filings)	62.80%	157
Employee travel	46.40%	116
Annual investor meetings	37.20%	93
Line of credit	34.80%	87
Cyber insurance	27.60%	69
Investment adviser regulatory expenses (e.g., Form PF, Form ADV)	21.20%	53
Certain employee salaries/overhead	14.00%	35
Late night meals/taxis	10.00%	25
Other (please specify)	19.60%	49
	<b>Answered</b>	<b>250</b>

## Private Funds:

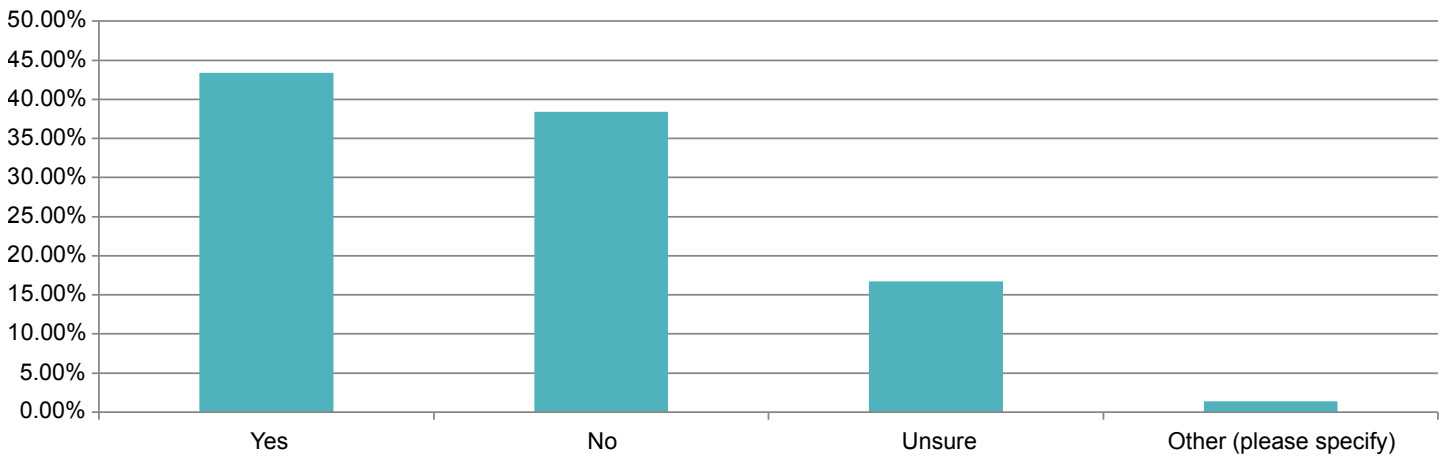
**Which of the following controls are in place related to fees and expenses?** (Check all that apply)



Answer Choices	Responses	
Cash control process requires 2 party authorization (i.e., one person sets up a wire of funds, a second person releases the wire)	78.80%	223
Administrator calculates fees	65.37%	185
Fund finance personnel are involved in the fees and expense disclosures	59.01%	167
The firm maintains "shadow" books and records	44.17%	125
Dedicated fund controller	40.64%	115
All asset values are determined by a third party (e.g., valuation firm, price feeds, broker quotes)	37.46%	106
Fees and expenses over a certain threshold require more than one signatory for release	35.34%	100
Administrator has final release for expense payments	34.28%	97
Advisory and performance fees are peer reviewed	34.28%	97
Log maintained of all expenses that links each expense to why it is allowed	29.33%	83
Level 3 assets that are fair market valued receive enhanced diligence or confirmation prior to the calculation of fees	28.98%	82
Some asset values are determined by a third party (e.g., valuation firm, price feeds, broker quotes)	25.44%	72
Administrator confirms expense eligibility	18.37%	52
Other (please specify)	2.83%	8
	<b>Answered</b>	<b>283</b>

Private Funds:

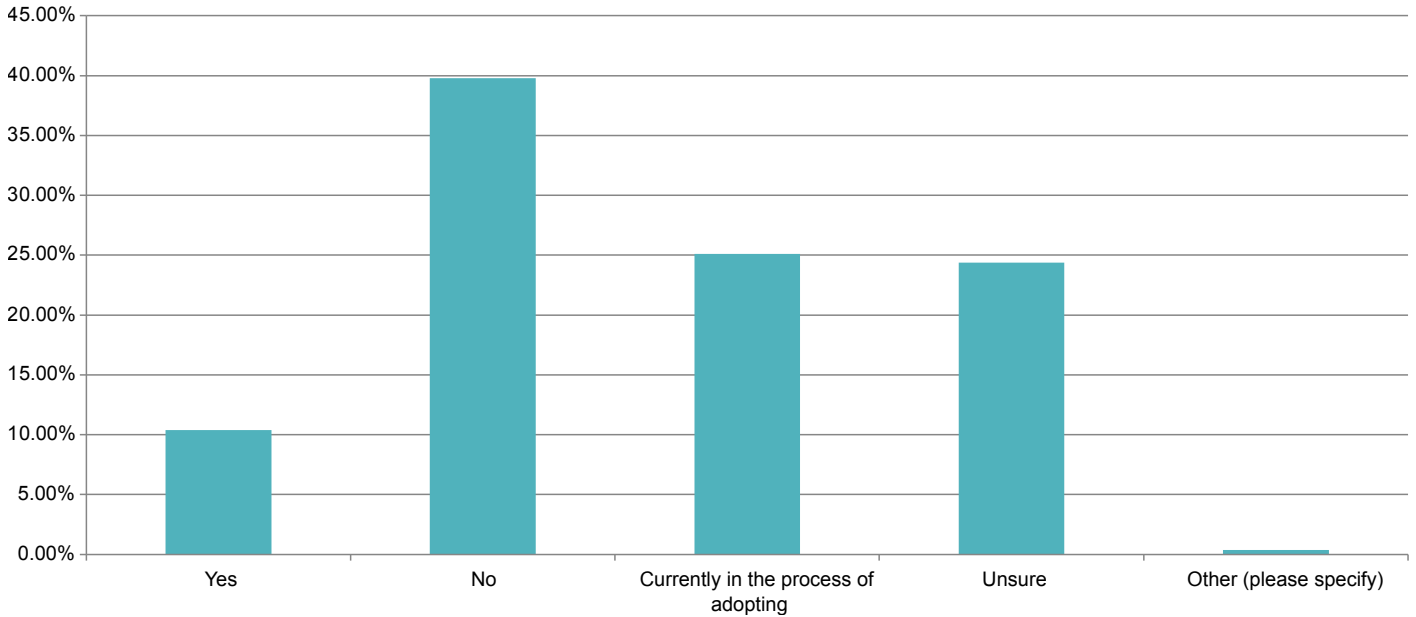
**Do you have a formal policy on track record construction and calculation methodologies?**



Answer Choices	Responses	
Yes	43.42%	122
No	38.43%	108
Unsure	16.73%	47
Other (please specify)	1.42%	4
	<b>Answered</b>	<b>281</b>

## Private Funds:

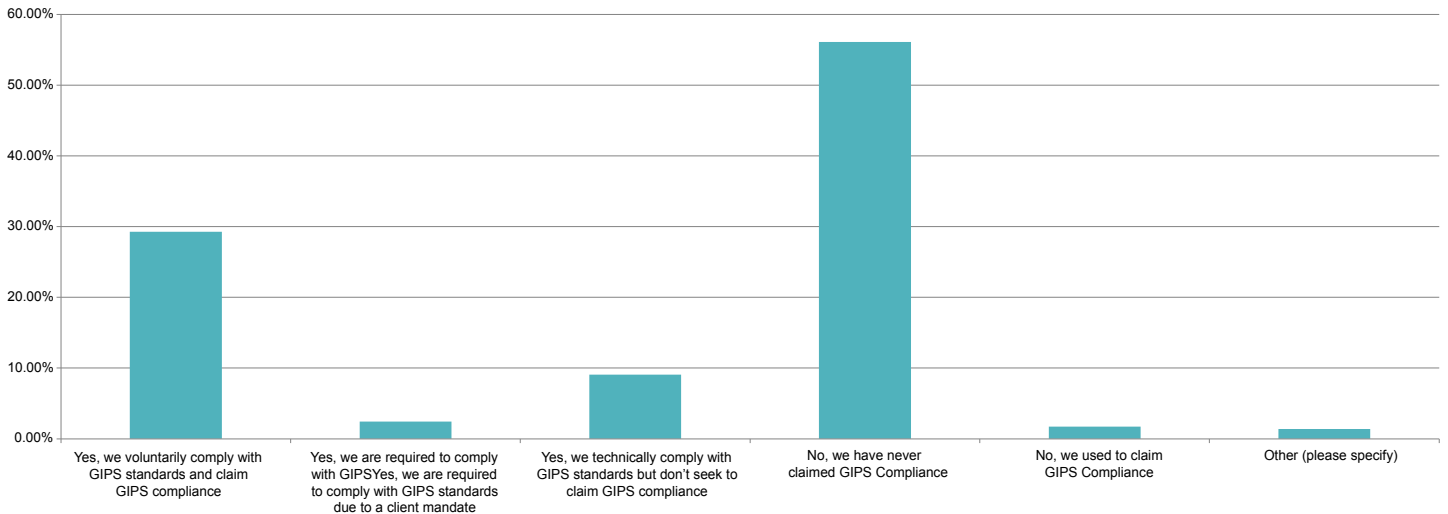
**Do you plan to maintain different performance methodologies for marketing performance versus compliance with the SEC's recent Quarterly Statement Rule performance requirements?**



Answer Choices	Responses	
Yes	10.39%	29
No	39.78%	111
Currently in the process of adopting	25.09%	70
Unsure	24.37%	68
Other (please specify)	0.36%	1
	<b>Answered</b>	<b>279</b>

## Private Funds:

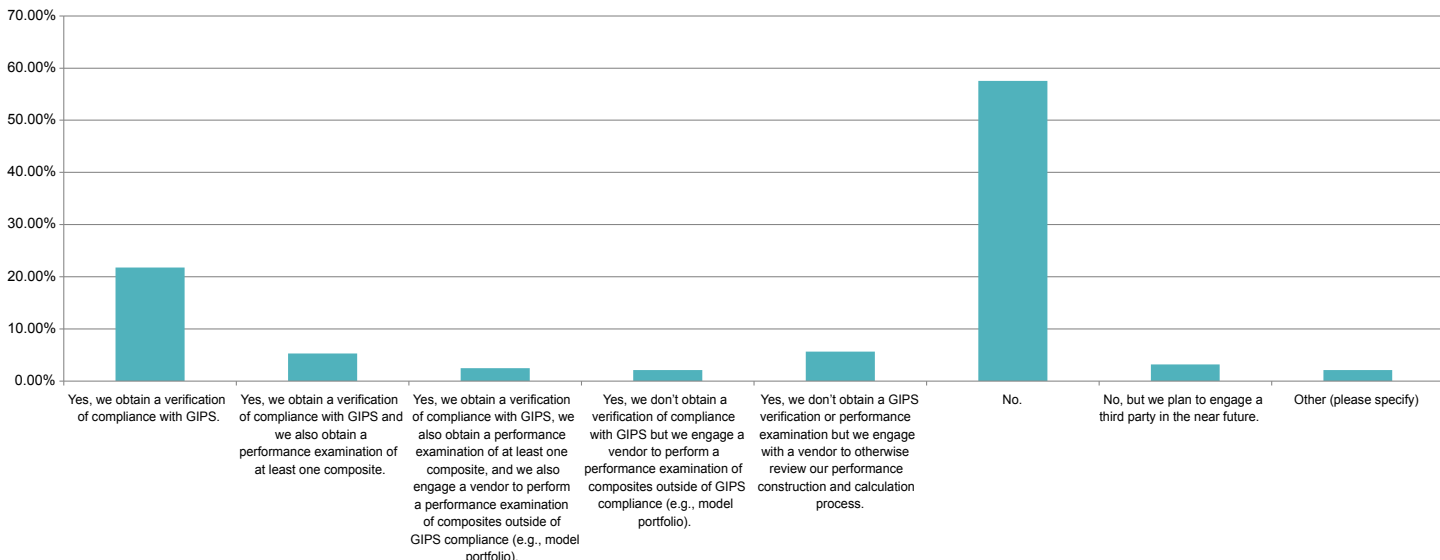
### Did you present your performance consistent or compliant with GIPS standards over the past year?



Answer Choices	Responses	
Yes, we voluntarily comply with GIPS standards and claim GIPS compliance	29.27%	84
Yes, we are required to comply with GIPS standards due to a client mandate	2.44%	7
Yes, we technically comply with GIPS standards but don't seek to claim GIPS compliance	9.06%	26
No, we have never claimed GIPS Compliance	56.10%	161
No, we used to claim GIPS Compliance	1.74%	5
Other (please specify)	1.39%	4
	<b>Answered</b>	<b>287</b>

## Private Funds:

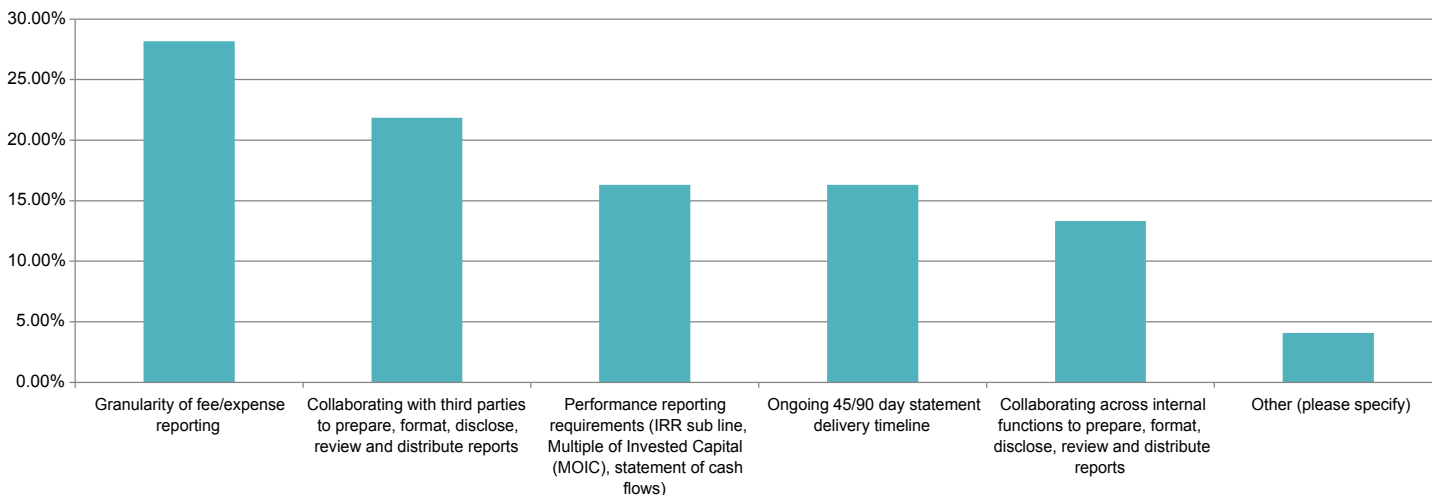
### Have you engaged a third party to review your performance construction and calculation process?



Answer Choices	Responses	
Yes, we obtain a verification of compliance with GIPS.	21.75%	62
Yes, we obtain a verification of compliance with GIPS and we also obtain a performance examination of at least one composite.	5.26%	15
Yes, we obtain a verification of compliance with GIPS, we also obtain a performance examination of at least one composite, and we also engage a vendor to perform a performance examination of composites outside of GIPS compliance (e.g., model portfolio).	2.46%	7
Yes, we don't obtain a verification of compliance with GIPS but we engage a vendor to perform a performance examination of composites outside of GIPS compliance (e.g., model portfolio).	2.11%	6
Yes, we don't obtain a GIPS verification or performance examination but we engage with a vendor to otherwise review our performance construction and calculation process.	5.61%	16
No.	57.54%	164
No, but we plan to engage a third party in the near future.	3.16%	9
Other (please specify)	2.11%	6
	<b>Answered</b>	<b>285</b>

## Private Funds:

**In regard to the SEC's recent Quarterly Statement Rule requirements around performance reporting requirements, which aspect will be the most challenging for your firm?**

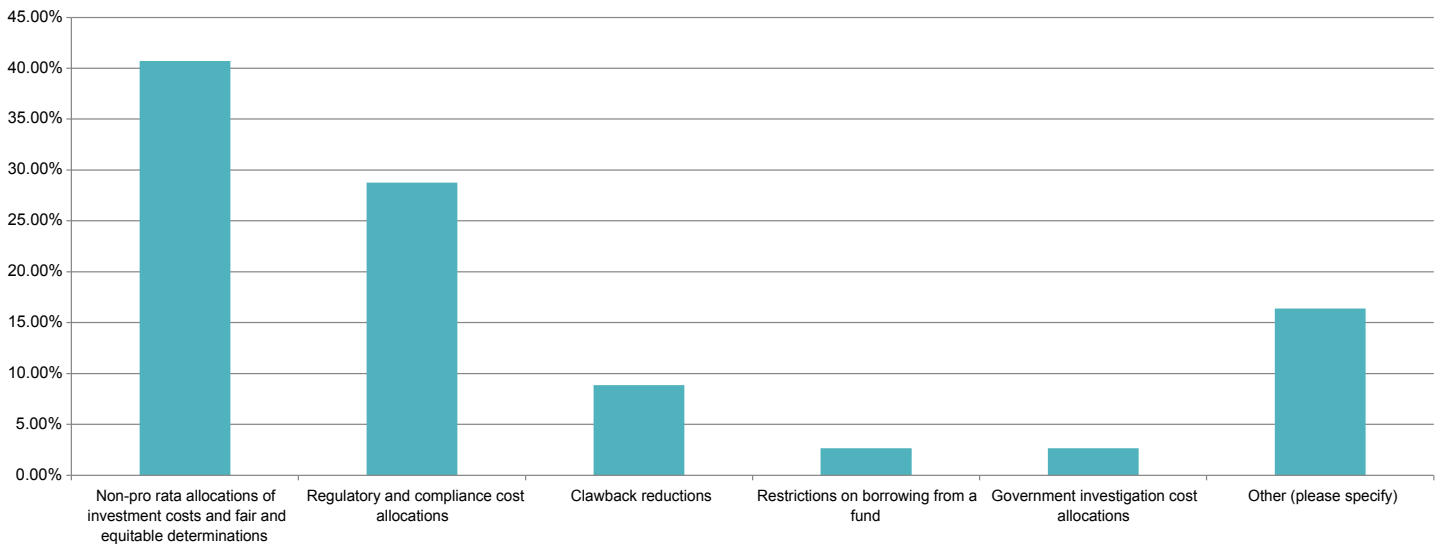


Answer Choices	Responses	
Granularity of fee/expense reporting	28.15%	76
Collaborating with third parties to prepare, format, disclose, review and distribute reports	21.85%	59
Performance reporting requirements (IRR sub line, Multiple of Invested Capital (MOIC), statement of cash flows)	16.30%	44
Ongoing 45/90 day statement delivery timeline	16.30%	44
Collaborating across internal functions to prepare, format, disclose, review and distribute reports	13.33%	36
Other (please specify)	4.07%	11
	<b>Answered</b>	<b>270</b>



## Private Funds:

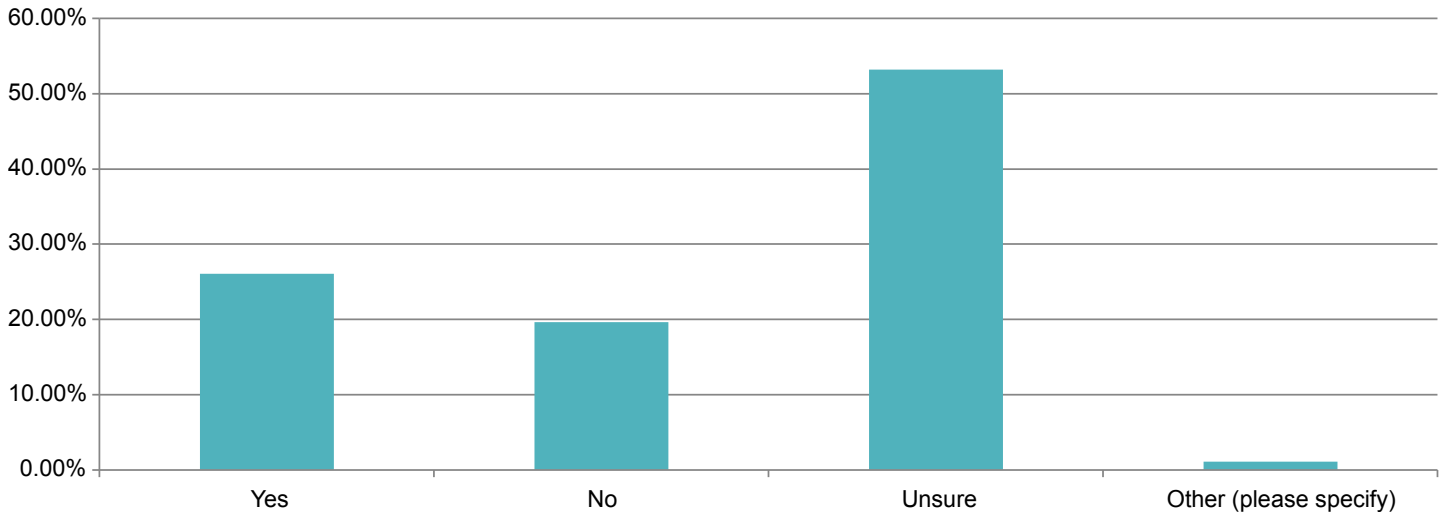
### Which aspect of the SEC's Restricted Activities Rule will be the most challenging for your firm?



Answer Choices	Responses	
Non-pro rata allocations of investment costs and fair and equitable determinations	40.71%	92
Regulatory and compliance cost allocations	28.76%	65
Clawback reductions	8.85%	20
Restrictions on borrowing from a fund	2.65%	6
Government investigation cost allocations	2.65%	6
Other (please specify)	16.37%	37
	<b>Answered</b>	<b>226</b>

## Private Funds:

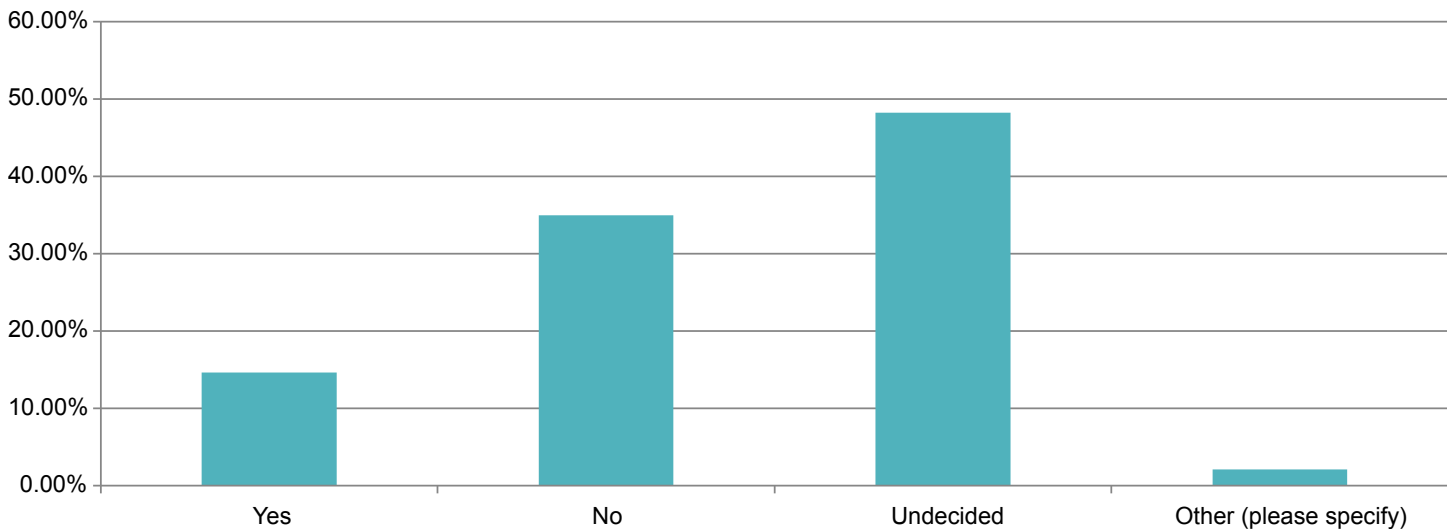
### Do you plan to take advantage of legacy treatment?



Answer Choices	Responses	
Yes	26.07%	73
No	19.64%	55
Unsure	53.21%	149
Other (please specify)	1.07%	3
	<b>Answered</b>	<b>280</b>

Private Funds:

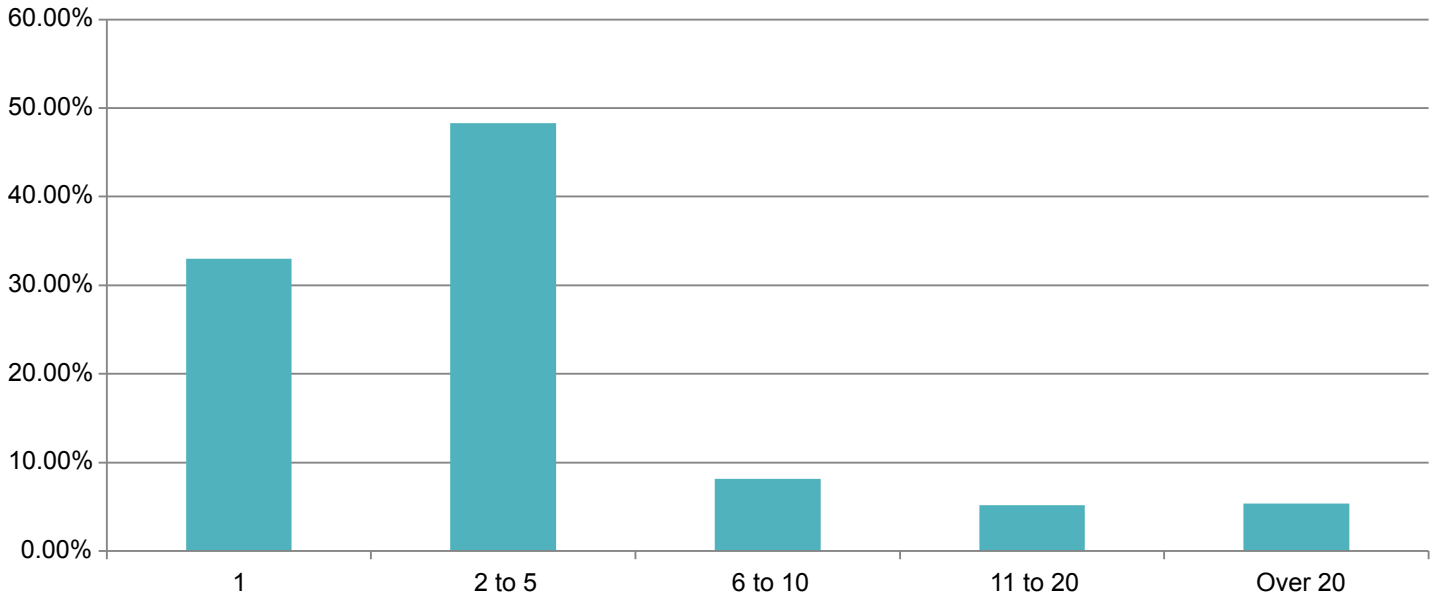
**Are managers restricting information provided to investors (including information sent by the Investor Relations team) as a result of the preferential treatment rule?**



Answer Choices	Responses	
Yes	14.64%	41
No	35.00%	98
Undecided	48.21%	135
Other (please specify)	2.14%	6
	<b>Answered</b>	<b>280</b>

## Compliance Program Statistics and Activities:

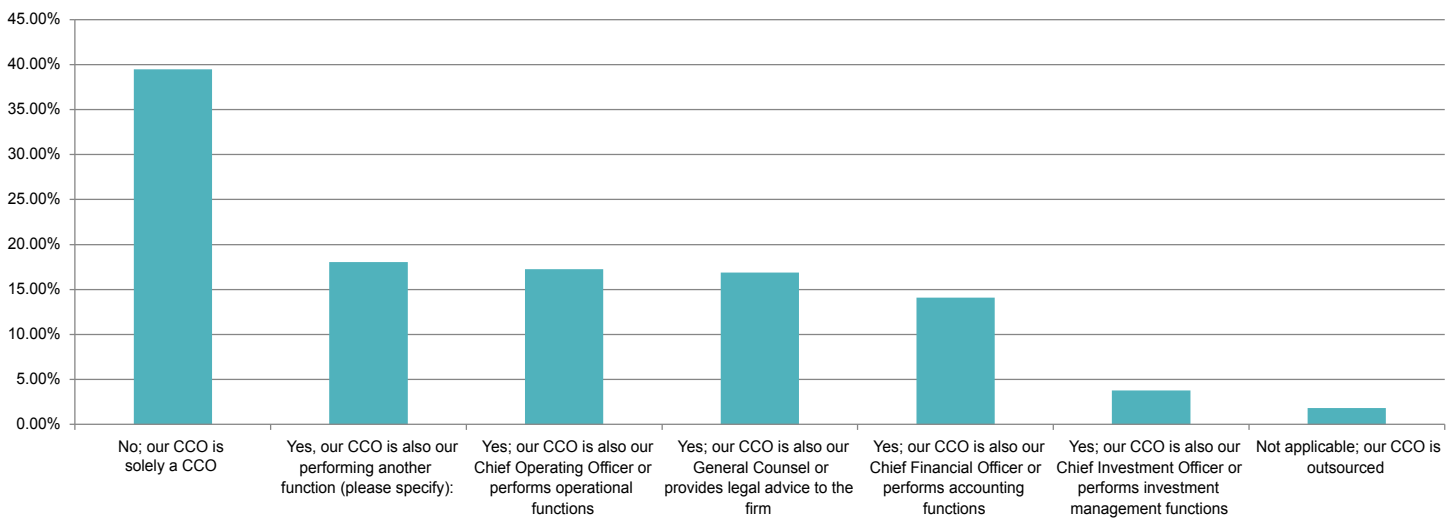
**How many employees are currently employed in your firm’s compliance department (including the firm’s CCO)? Please include full time and part time equivalents (e.g., count full time equivalent, so if you have a dedicated CCO, 1 full time resource, and 1 half time resource you would select “2 to 5” as 1+1+.5= 2.5).**



Answer Choices	Responses	
1	33.00%	166
2 to 5	48.31%	243
6 to 10	8.15%	41
11 to 20	5.17%	26
Over 20	5.37%	27
	<b>Answered</b>	<b>503</b>

## Compliance Program Statistics and Activities:

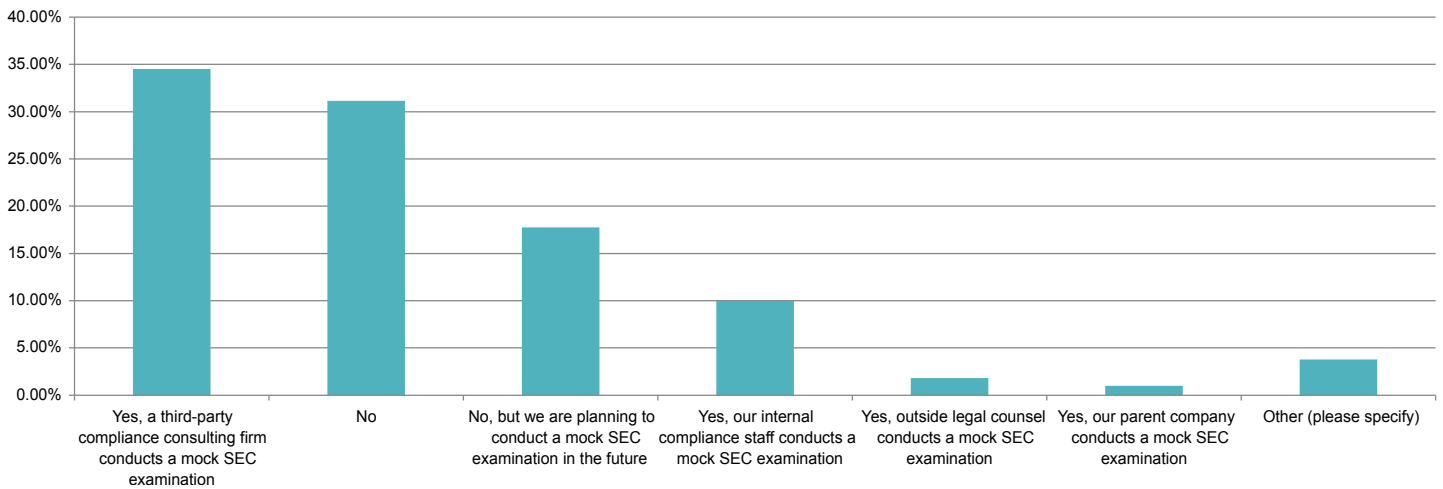
**Does your firm's CCO perform non-CCO functions (for example, by also serving as your firm's COO or CFO)?** (Check all that apply)



Answer Choices	Responses	
No; our CCO is solely a CCO	39.48%	199
Yes; our CCO is also our performing another function (please specify):	18.06%	91
Yes; our CCO is also our Chief Operating Officer or performs operational functions	17.26%	87
Yes; our CCO is also our General Counsel or provides legal advice to the firm	16.87%	85
Yes; our CCO is also our Chief Financial Officer or performs accounting functions	14.09%	71
Yes; our CCO is also our Chief Investment Officer or performs investment management functions	3.77%	19
Not applicable; our CCO is outsourced	1.79%	9
	<b>Answered</b>	<b>504</b>

# Compliance Program Statistics and Activities:

## Does your firm conduct a mock SEC examination?

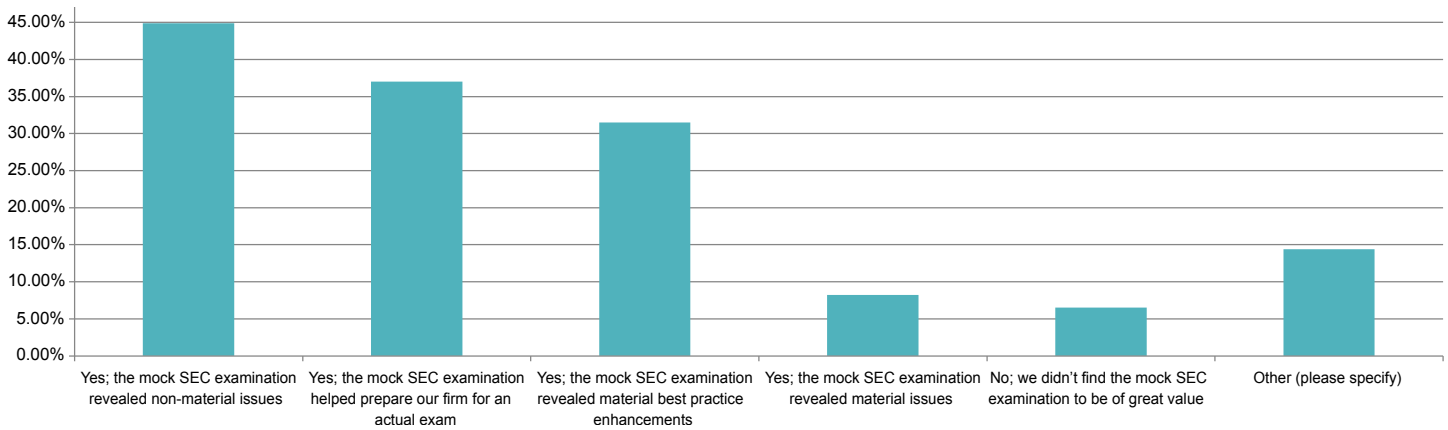


Answer Choices	Responses	
Yes, a third-party compliance consulting firm conducts a mock SEC examination	34.53%	173
No	31.14%	156
No, but we are planning to conduct a mock SEC examination in the future	17.76%	89
Yes, our internal compliance staff conducts a mock SEC examination	9.98%	50
Yes, outside legal counsel conducts a mock SEC examination	1.80%	9
Yes, our parent company conducts a mock SEC examination	1.00%	5
Other (please specify)	3.79%	19
	<b>Answered</b>	<b>501</b>

## Compliance Program Statistics and Activities:

### If yes, did the mock SEC examination assist you in enhancing your compliance program?

(Check all that apply)

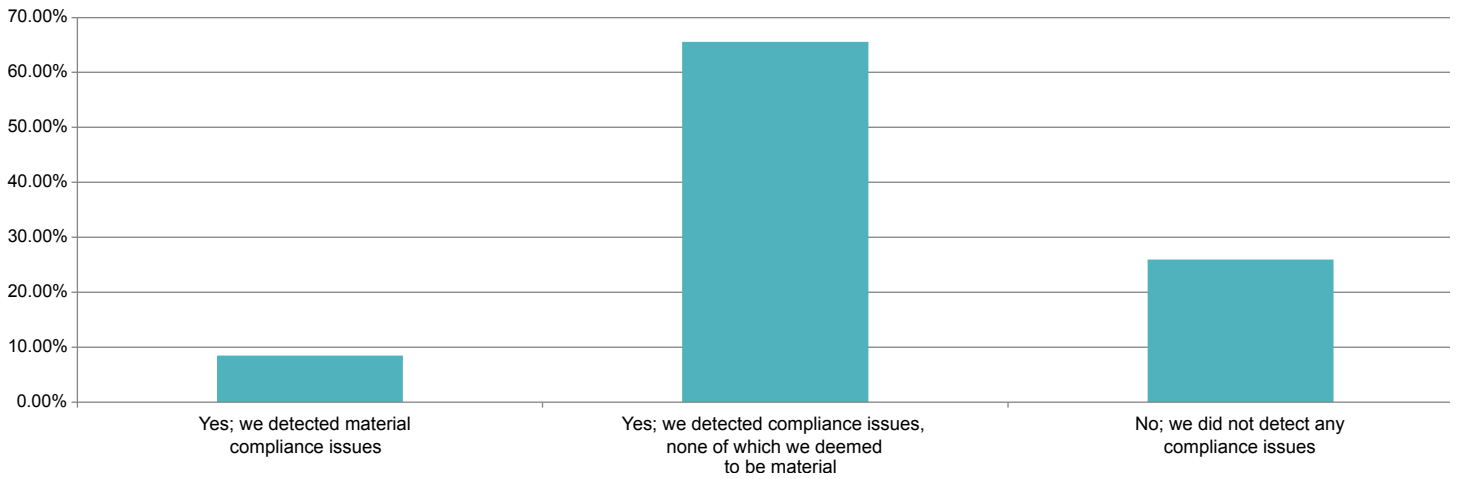


Answer Choices	Responses	
Yes; the mock SEC examination revealed non-material issues	44.86%	131
Yes; the mock SEC examination helped prepare our firm for an actual exam	36.99%	108
Yes; the mock SEC examination revealed material best practice enhancements	31.51%	92
Yes; the mock SEC examination revealed material issues	8.22%	24
No; we didn't find the mock SEC examination to be of great value	6.51%	19
Other (please specify)	14.38%	42
	<b>Answered</b>	<b>292</b>



## Compliance Program Statistics and Activities:

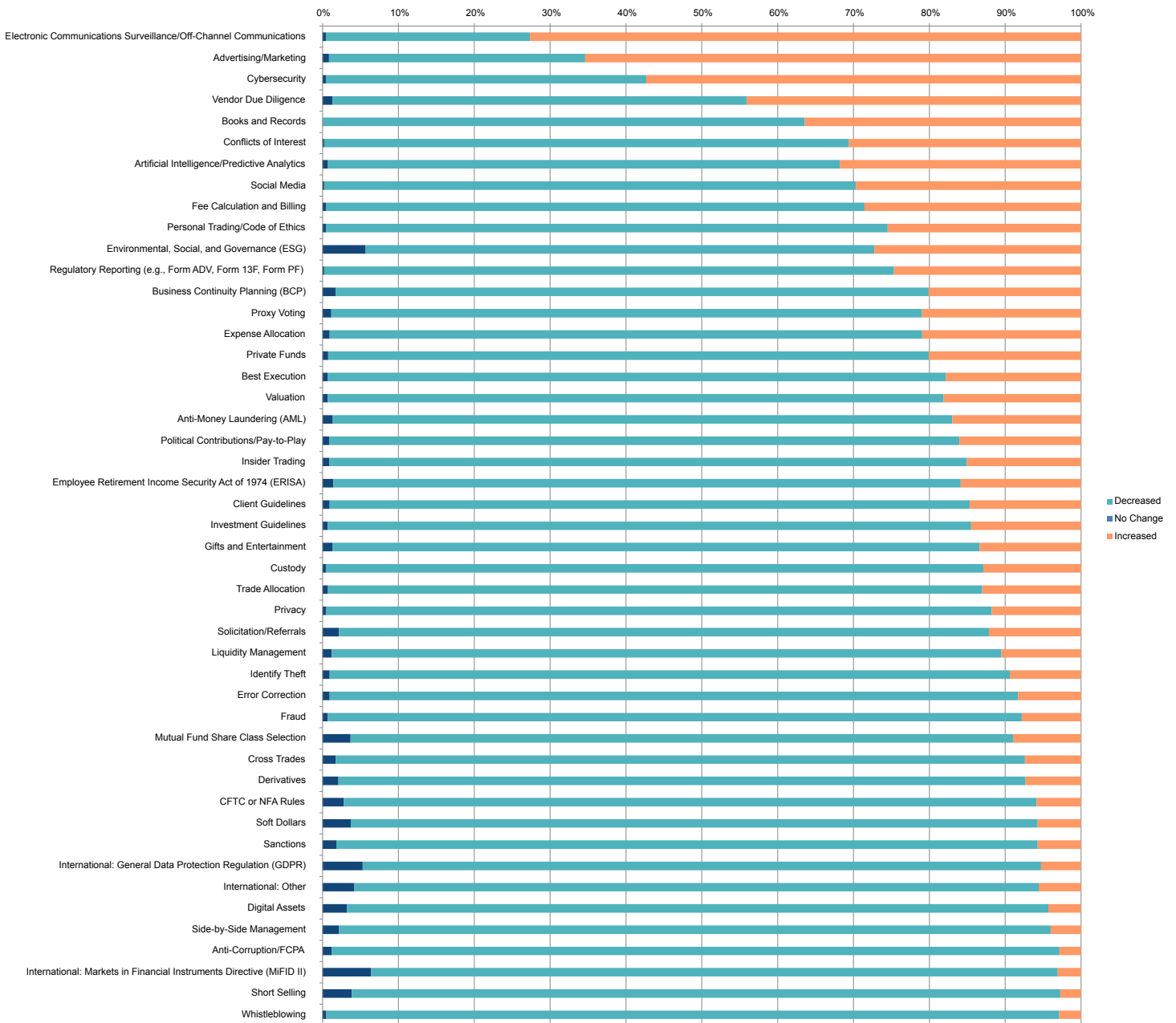
### Over the previous year, has your compliance testing detected any issues?



Answer Choices	Responses	
Yes; we detected material compliance issues	8.46%	43
Yes; we detected compliance issues, none of which we deemed to be material	65.55%	333
No; we did not detect any compliance issues	25.98%	132
	<b>Answered</b>	<b>508</b>

# Compliance Program Statistics and Activities:

**In which of the following areas have you increased, decreased, or had no change in the type, scope, and/or frequency of compliance testing (since January 1, 2023)? If not applicable, leave the response blank.**



*continued*

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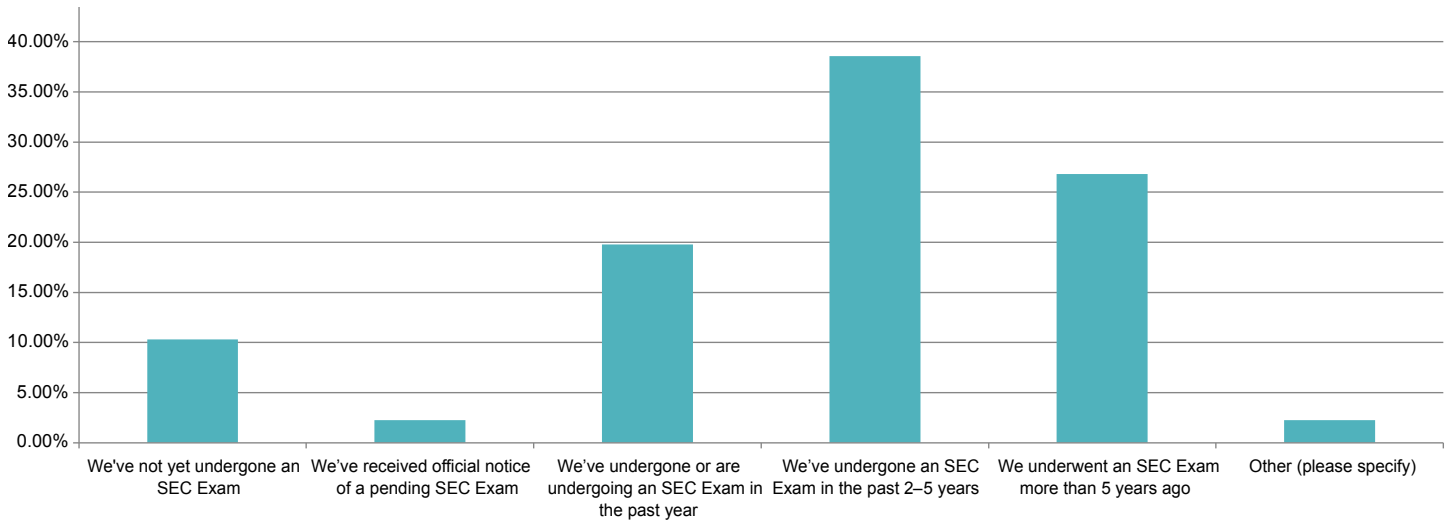
Answer Choices	Decreased		No Charge		Increased		Total
Electronic Communications Surveillance/Off-Channel Communications	0.43%	2	26.90%	124	72.67%	335	461
Advertising/Marketing	0.85%	4	33.76%	158	65.38%	306	468
Cybersecurity	0.43%	2	42.24%	196	57.33%	266	464
Vendor Due Diligence	1.31%	6	54.59%	250	44.10%	202	458
Books and Records	0.00%	0	63.58%	295	36.42%	169	464
Conflicts of Interest	0.22%	1	69.18%	321	30.60%	142	464
Artificial Intelligence/Predictive Analytics	0.72%	3	67.46%	282	31.82%	133	418
Social Media	0.22%	1	70.09%	314	29.69%	133	448
Fee Calculation and Billing	0.44%	2	70.99%	323	28.57%	130	455
Personal Trading/Code of Ethics	0.44%	2	74.07%	340	25.49%	117	459
Environmental, Social, and Governance (ESG)	5.69%	24	67.06%	283	27.25%	115	422
Regulatory Reporting (e.g., Form ADV, Form 13F, Form PF)	0.22%	1	75.11%	341	24.67%	112	454
Business Continuity Planning (BCP)	1.73%	8	78.19%	362	20.09%	93	463
Proxy Voting	1.15%	5	77.88%	338	20.97%	91	434
Expense Allocation	0.94%	4	78.12%	332	20.94%	89	425
Private Funds	0.73%	3	79.22%	324	20.05%	82	409
Best Execution	0.67%	3	81.51%	366	17.82%	80	449
Valuation	0.68%	3	81.18%	358	18.14%	80	441
Anti-Money Laundering (AML)	1.34%	6	81.70%	366	16.96%	76	448
Political Contributions/Pay-to-Play	0.89%	4	83.07%	373	16.04%	72	449
Insider Trading	0.88%	4	84.07%	380	15.04%	68	452
Employee Retirement Income Security Act of 1974 (ERISA)	1.44%	6	82.69%	344	15.87%	66	416
Client Guidelines	0.92%	4	84.44%	369	14.65%	64	437
Investment Guidelines	0.69%	3	84.83%	369	14.48%	63	435
Gifts and Entertainment	1.30%	6	85.31%	395	13.39%	62	463
Custody	0.44%	2	86.67%	390	12.89%	58	450
Trade Allocation	0.70%	3	86.28%	371	13.02%	56	430
Privacy	0.44%	2	87.78%	395	11.78%	53	450
Solicitation/Referrals	2.18%	9	85.68%	353	12.14%	50	412
Liquidity Management	1.22%	5	88.29%	362	10.49%	43	410
Identify Theft	0.92%	4	89.68%	391	9.40%	41	436
Error Correction	0.92%	4	90.76%	393	8.31%	36	433
Fraud	0.69%	3	91.49%	398	7.82%	34	435
Mutual Fund Share Class Selection	3.69%	14	87.34%	331	8.97%	34	379
Cross Trades	1.72%	7	90.89%	369	7.39%	30	406
Derivatives	2.09%	8	90.60%	347	7.31%	28	383
CFTC or NFA Rules	2.81%	11	91.33%	358	5.87%	23	392

continued

Answer Choices	Decreased		No Charge		Increased		Total
Soft Dollars	3.72%	15	90.57%	365	5.71%	23	403
Sanctions	1.82%	7	92.45%	355	5.73%	22	384
International: General Data Protection Regulation (GDPR)	5.28%	20	89.45%	339	5.28%	20	379
International: Other	4.19%	15	90.22%	323	5.59%	20	358
Digital Assets	3.23%	12	92.45%	343	4.31%	16	371
Side-by-Side Management	2.14%	8	93.85%	351	4.01%	15	374
Anti-Corruption/FCPA	1.18%	5	95.98%	406	2.84%	12	423
International: Markets in Financial Instruments Directive (MiFID II)	6.39%	23	90.56%	326	3.06%	11	360
Short Selling	3.86%	14	93.39%	339	2.75%	10	363
Whistleblowing	0.48%	2	96.63%	401	2.89%	12	415
Other (please specify)							0
					<b>Answered</b>		<b>475</b>

# Compliance Program Statistics and Activities:

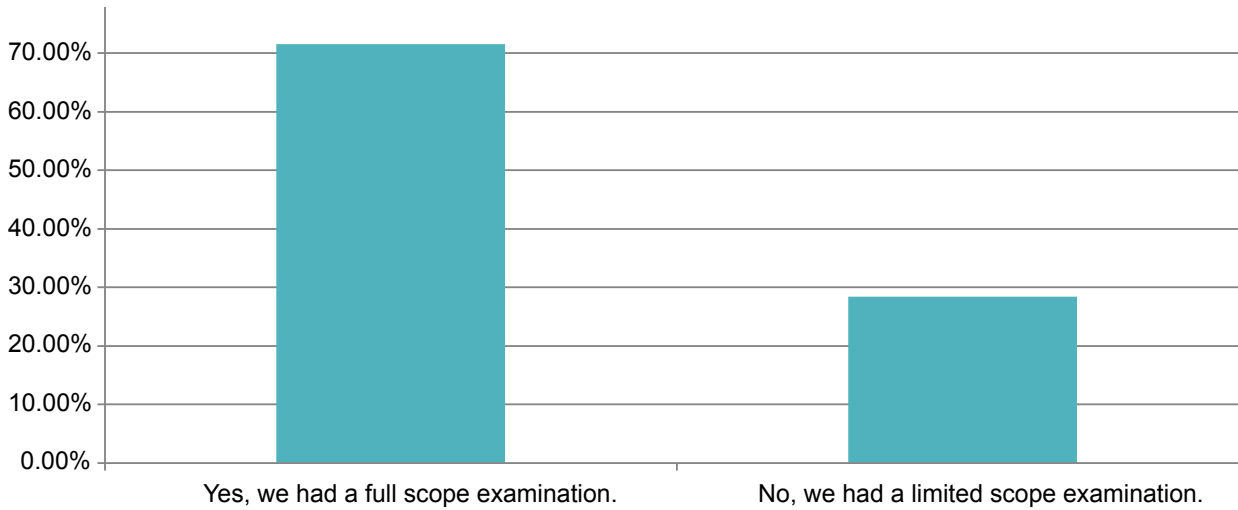
## When was your most recent SEC Exam?



Answer Choices	Responses	
We've not yet undergone an SEC Exam	10.31%	50
We've received official notice of a pending SEC Exam	2.27%	11
We've undergone or are undergoing an SEC Exam in the past year	19.79%	96
We've undergone an SEC Exam in the past 2-5 years	38.56%	187
We underwent an SEC Exam more than 5 years ago	26.80%	130
Other (please specify)	2.27%	11
	<b>Answered</b>	<b>485</b>

## Compliance Program Statistics and Activities:

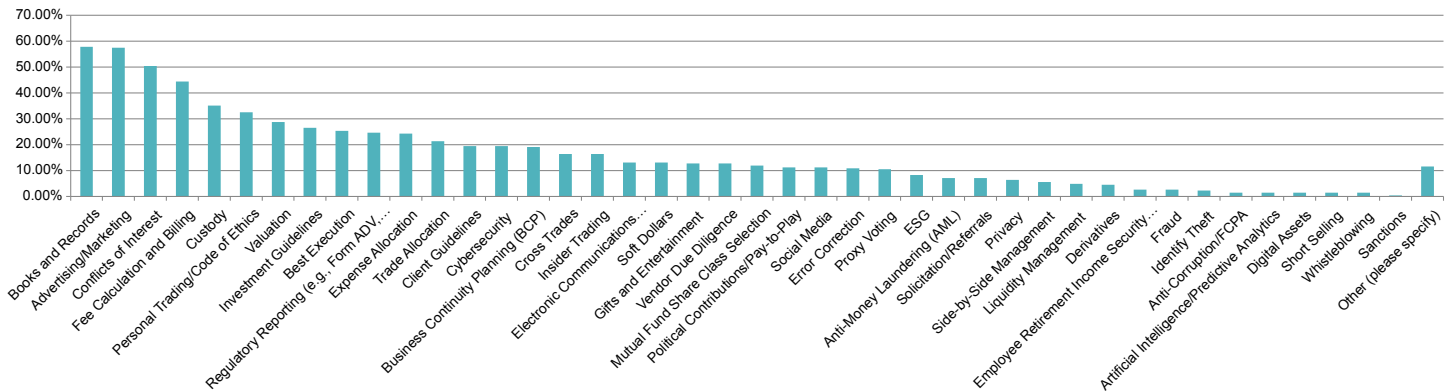
### Was your last SEC Exam a full scope examination?



Answer Choices	Responses	
Yes, we had a full scope examination.	71.58%	204
No, we had a limited scope examination.	28.42%	81
	<b>Answered</b>	<b>285</b>

## Compliance Program Statistics and Activities:

**Which of the following were areas of focus during your most recent SEC Exam?** (Check all that apply)



Answer Choices	Responses	
Books and Records	57.84%	155
Advertising/Marketing	57.46%	154
Conflicts of Interest	50.37%	135
Fee Calculation and Billing	44.40%	119
Custody	35.07%	94
Personal Trading/Code of Ethics	32.46%	87
Valuation	28.73%	77
Investment Guidelines	26.49%	71
Best Execution	25.37%	68
Regulatory Reporting (e.g., Form ADV, Form 13F, Form PF)	24.63%	66
Expense Allocation	24.25%	65
Trade Allocation	21.27%	57
Client Guidelines	19.40%	52
Cybersecurity	19.40%	52
Business Continuity Planning (BCP)	19.03%	51
Cross Trades	16.42%	44
Insider Trading	16.42%	44
Electronic Communications Surveillance/Off-Channel Communications	13.06%	35
Soft Dollars	13.06%	35
Gifts and Entertainment	12.69%	34
Vendor Due Diligence	12.69%	34
Mutual Fund Share Class Selection	11.94%	32
Political Contributions/Pay-to-Play	11.19%	30
Social Media	11.19%	30
Error Correction	10.82%	29
Proxy Voting	10.45%	28
ESG	8.21%	22

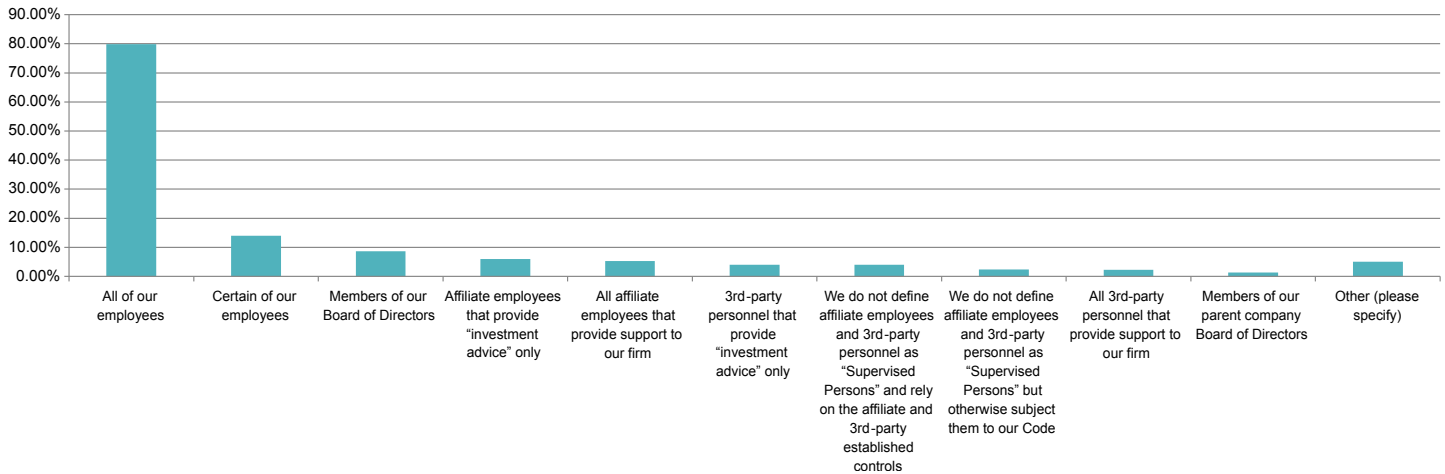
continued



Answer Choices	Responses	
Anti-Money Laundering (AML)	7.09%	19
Solicitation/Referrals	7.09%	19
Privacy	6.34%	17
Side-by-Side Management	5.60%	15
Liquidity Management	4.85%	13
Derivatives	4.48%	12
Employee Retirement Income Security Act of 1974 (ERISA)	2.61%	7
Fraud	2.61%	7
Identify Theft	2.24%	6
Anti-Corruption/FCPA	1.49%	4
Artificial Intelligence/Predictive Analytics	1.49%	4
Digital Assets	1.49%	4
Short Selling	1.49%	4
Whistleblowing	1.49%	4
Sanctions	0.37%	1
Other (please specify)	11.57%	31
	<b>Answered</b>	<b>268</b>

# Code of Ethics, Gifts, Entertainment, Conflicts of Interest, and Political Contributions:

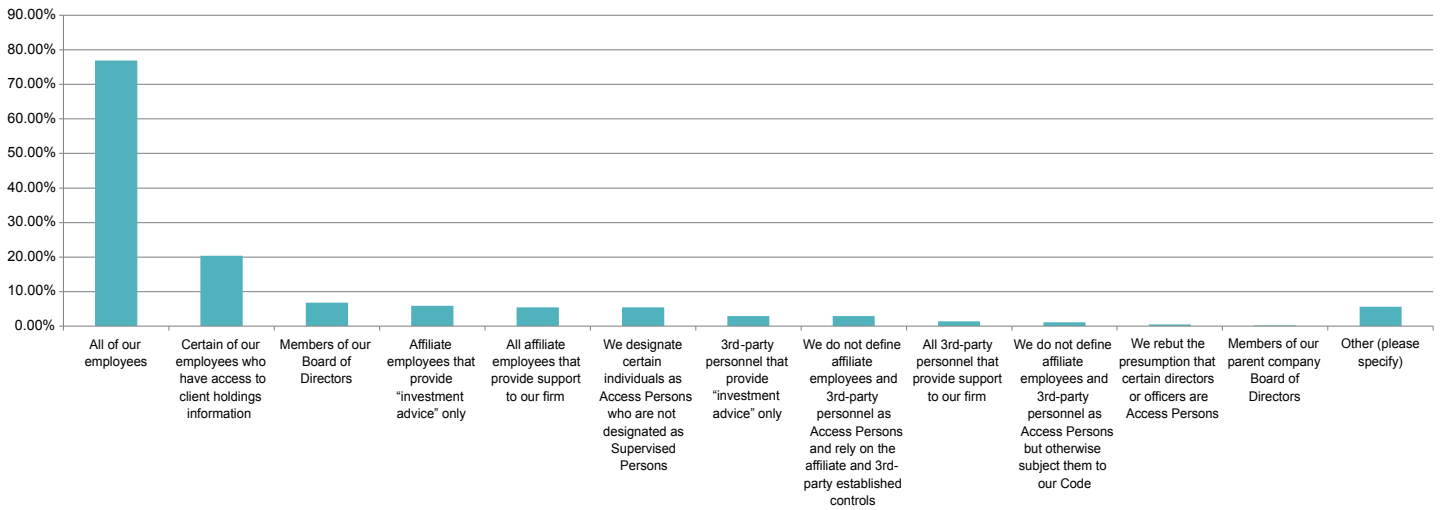
**How do you define a Supervised Person under your Code of Ethics?** (Check all that apply)



Answer Choices	Responses	
All of our employees	79.87%	361
Certain of our employees	13.94%	63
Members of our Board of Directors	8.63%	39
Affiliate employees that provide "investment advice" only	5.97%	27
All affiliate employees that provide support to our firm	5.31%	24
3rd-party personnel that provide "investment advice" only	3.98%	18
We do not define affiliate employees and 3rd-party personnel as "Supervised Persons" and rely on the affiliate and 3rd-party established controls	3.98%	18
We do not define affiliate employees and 3rd-party personnel as "Supervised Persons" but otherwise subject them to our Code	2.43%	11
All 3rd-party personnel that provide support to our firm	2.21%	10
Members of our parent company Board of Directors	1.33%	6
Other (please specify)	5.09%	23
	<b>Answered</b>	<b>452</b>

# Code of Ethics, Gifts, Entertainment, Conflicts of Interest, and Political Contributions:

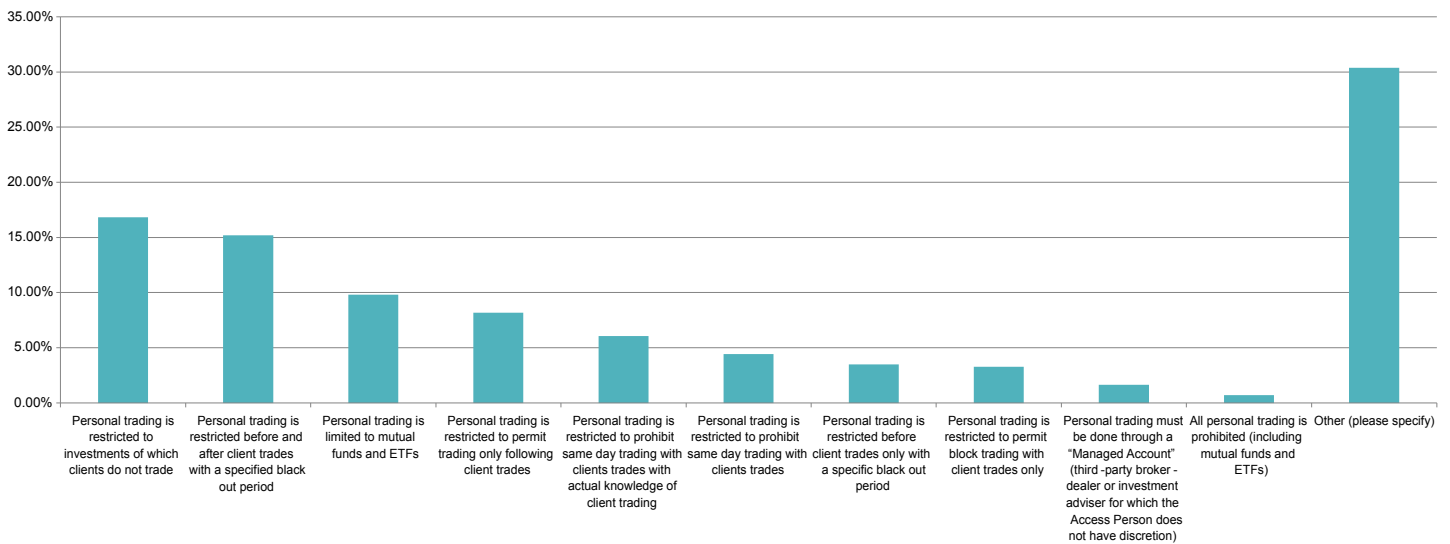
## How do you define an Access Person under your Code of Ethics? *(Check all that apply)*



Answer Choices	Responses	
All of our employees	76.91%	343
Certain of our employees who have access to client holdings information	20.40%	91
Members of our Board of Directors	6.73%	30
Affiliate employees that provide "investment advice" only	5.83%	26
All affiliate employees that provide support to our firm	5.38%	24
We designate certain individuals as Access Persons who are not designated as Supervised Persons	5.38%	24
3rd-party personnel that provide "investment advice" only	2.91%	13
We do not define affiliate employees and 3rd-party personnel as Access Persons and rely on the affiliate and 3rd-party established controls	2.91%	13
All 3rd-party personnel that provide support to our firm	1.35%	6
We do not define affiliate employees and 3rd-party personnel as Access Persons but otherwise subject them to our Code	1.12%	5
We rebut the presumption that certain directors or officers are Access Persons	0.45%	2
Members of our parent company Board of Directors	0.22%	1
Other (please specify)	5.61%	25
	<b>Answered</b>	<b>446</b>

# Code of Ethics, Gifts, Entertainment, Conflicts of Interest, and Political Contributions:

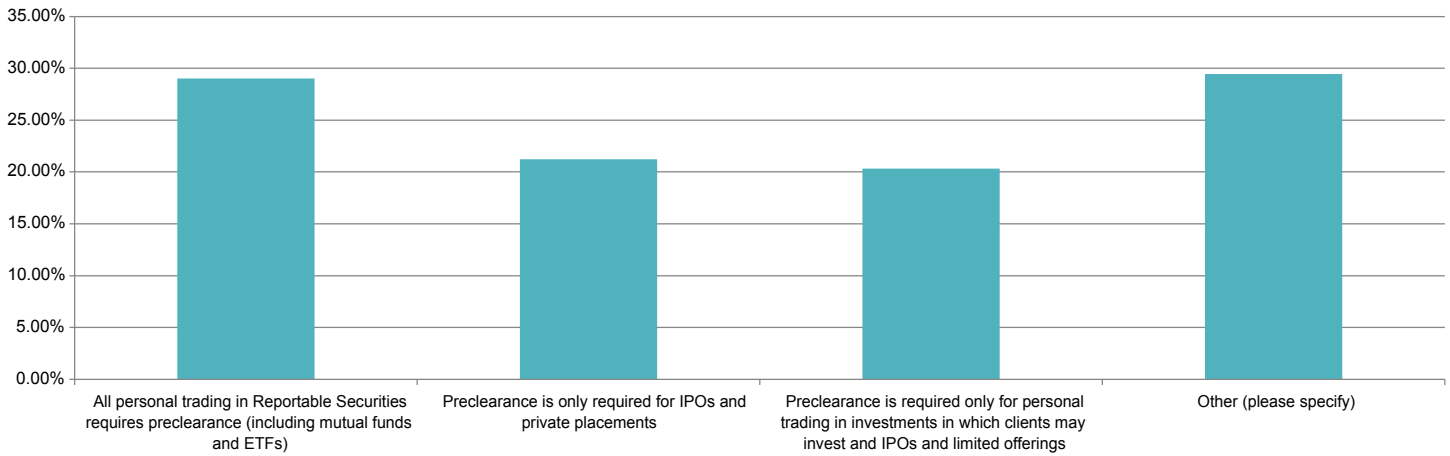
## How do you restrict Access Person personal trading under your Code of Ethics?



Answer Choices	Responses	
Personal trading is restricted to investments of which clients do not trade	16.82%	72
Personal trading is restricted before and after client trades with a specified black out period	15.19%	65
Personal trading is limited to mutual funds and ETFs	9.81%	42
Personal trading is restricted to permit trading only following client trades	8.18%	35
Personal trading is restricted to prohibit same day trading with clients trades with actual knowledge of client trading	6.07%	26
Personal trading is restricted to prohibit same day trading with clients trades	4.44%	19
Personal trading is restricted before client trades only with a specific black out period	3.50%	15
Personal trading is restricted to permit block trading with client trades only	3.27%	14
Personal trading must be done through a "Managed Account" (third-party broker-dealer or investment adviser for which the Access Person does not have discretion)	1.64%	7
All personal trading is prohibited (including mutual funds and ETFs)	0.70%	3
Other (please specify)	30.37%	130
	<b>Answered</b>	<b>428</b>

# Code of Ethics, Gifts, Entertainment, Conflicts of Interest, and Political Contributions:

## Which option most closely aligns with your preclearance requirements?

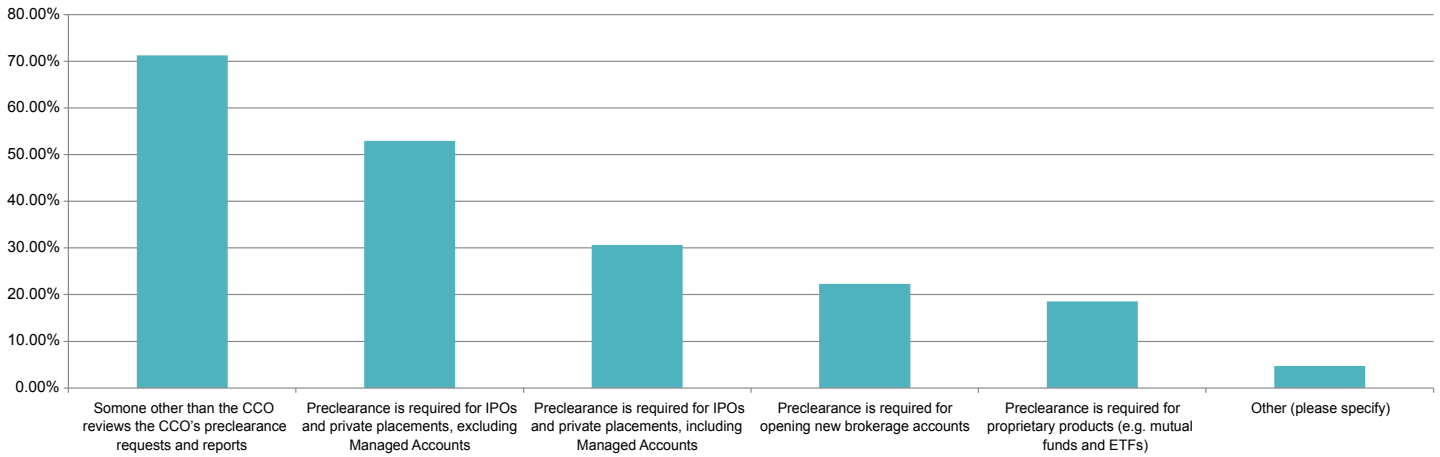


Answer Choices	Responses	
All personal trading in Reportable Securities requires preclearance (including mutual funds and ETFs)	29.00%	127
Preclearance is only required for IPOs and private placements	21.23%	93
Preclearance is required only for personal trading in investments in which clients may invest and IPOs and limited offerings	20.32%	89
Other (please specify)	29.45%	129
	<b>Answered</b>	<b>438</b>

## Code of Ethics, Gifts, Entertainment, Conflicts of Interest, and Political Contributions:

### What other preclearance requirements do you have in place under your Code of Ethics?

(Check all that apply)



Answer Choices	Responses	
Somone other than the CCO reviews the CCO's preclearance requests and reports	71.26%	300
Preclearance is required for IPOs and private placements, excluding Managed Accounts	52.97%	223
Preclearance is required for IPOs and private placements, including Managed Accounts	30.64%	129
Preclearance is required for opening new brokerage accounts	22.33%	94
Preclearance is required for proprietary products (e.g. mutual funds and ETFs)	18.53%	78
Other (please specify)	4.75%	20
	<b>Answered</b>	<b>421</b>

## Code of Ethics, Gifts, Entertainment, Conflicts of Interest, and Political Contributions:

### Which other trading restrictions do you have in place under your Code of Ethics?

(Check all that apply)

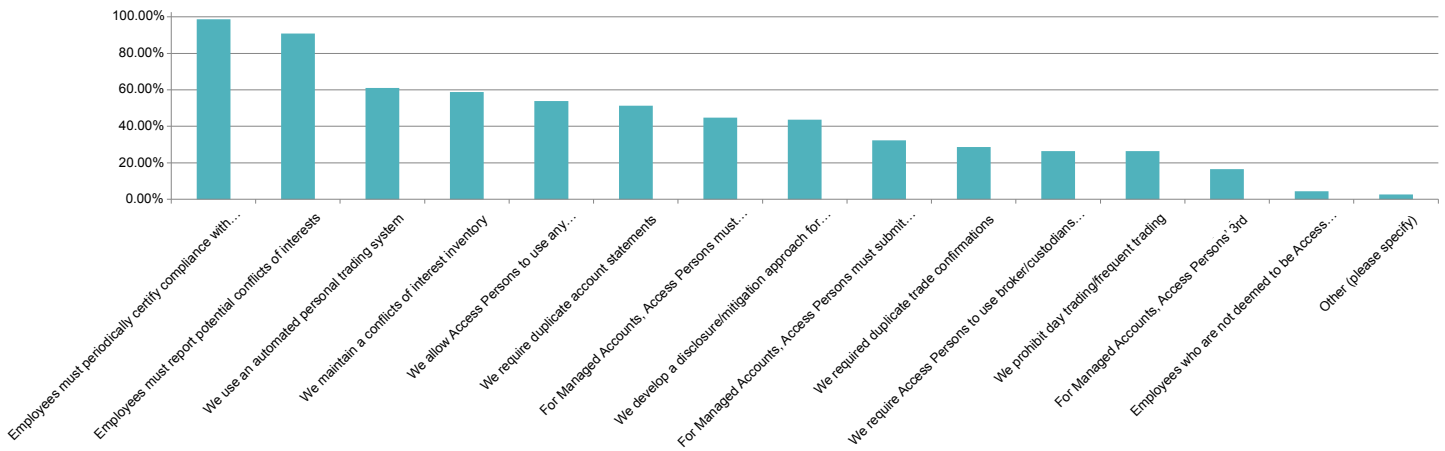


Answer Choices	Responses	
IPOs are prohibited	41.57%	111
Short term trading (defined as 30 days) is prohibited	38.58%	103
Short term trading (defined as 60 days) is prohibited	17.98%	48
Private Placements are prohibited	11.24%	30
Short term trading (defined as 90 days) is prohibited	4.87%	13
Other (please specify)	20.97%	56
	<b>Answered</b>	<b>267</b>



# Code of Ethics, Gifts, Entertainment, Conflicts of Interest, and Political Contributions:

**Which other controls do you have in place under your Code of Ethics?** (Check all that apply)

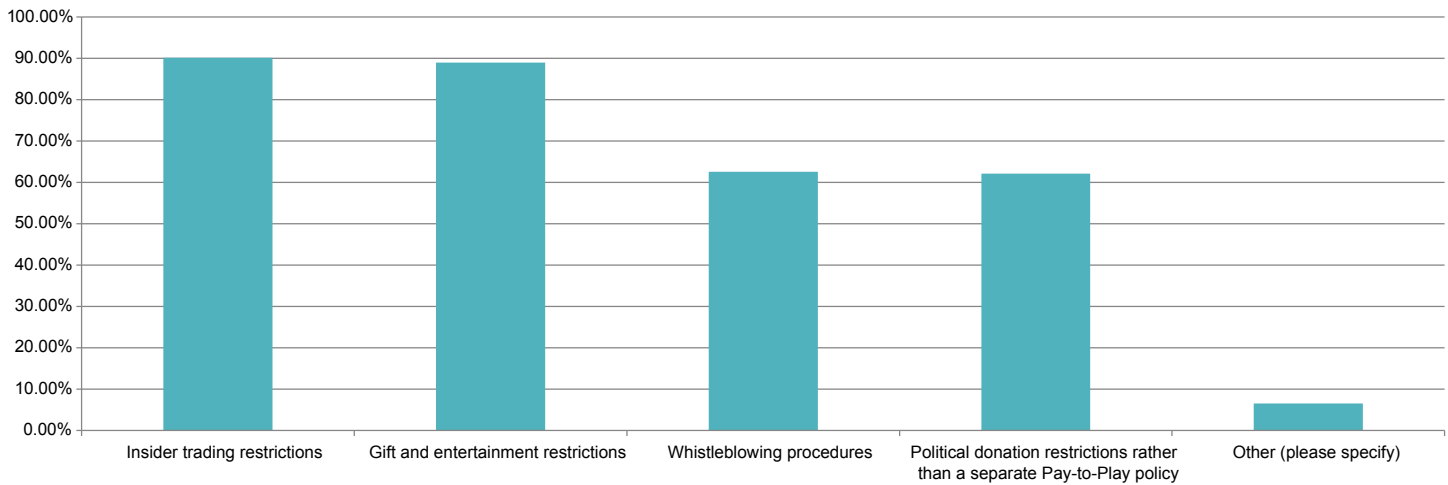


Answer Choices	Responses	
Employees must periodically certify compliance with the code of ethics	98.65%	440
Employees must report potential conflicts of interests	90.81%	405
We use an automated personal trading system	60.99%	272
We maintain a conflicts of interest inventory	58.74%	262
We allow Access Persons to use any broker/custodian, including those that do not provide direct data feeds	53.81%	240
We require duplicate account statements	51.35%	229
For Managed Accounts, Access Persons must periodically certify no discretion	44.84%	200
We develop a disclosure/mitigation approach for each material conflict of interest	43.72%	195
For Managed Accounts, Access Persons must submit periodic reports of holdings/transactions	32.29%	144
We required duplicate trade confirmations	28.70%	128
We require Access Persons to use broker/custodians that provide data feeds	26.46%	118
We prohibit day trading/frequent trading	26.46%	118
For Managed Accounts, Access Persons' 3rd-party investment professionals must periodically certify no discretion by Access Persons	16.59%	74
Employees who are not deemed to be Access Persons must periodically certify no access to client holdings	4.48%	20
Other (please specify)	2.69%	12
	<b>Answered</b>	<b>446</b>

## Code of Ethics, Gifts, Entertainment, Conflicts of Interest, and Political Contributions:

### Which other compliance program areas are included under your Code of Ethics?

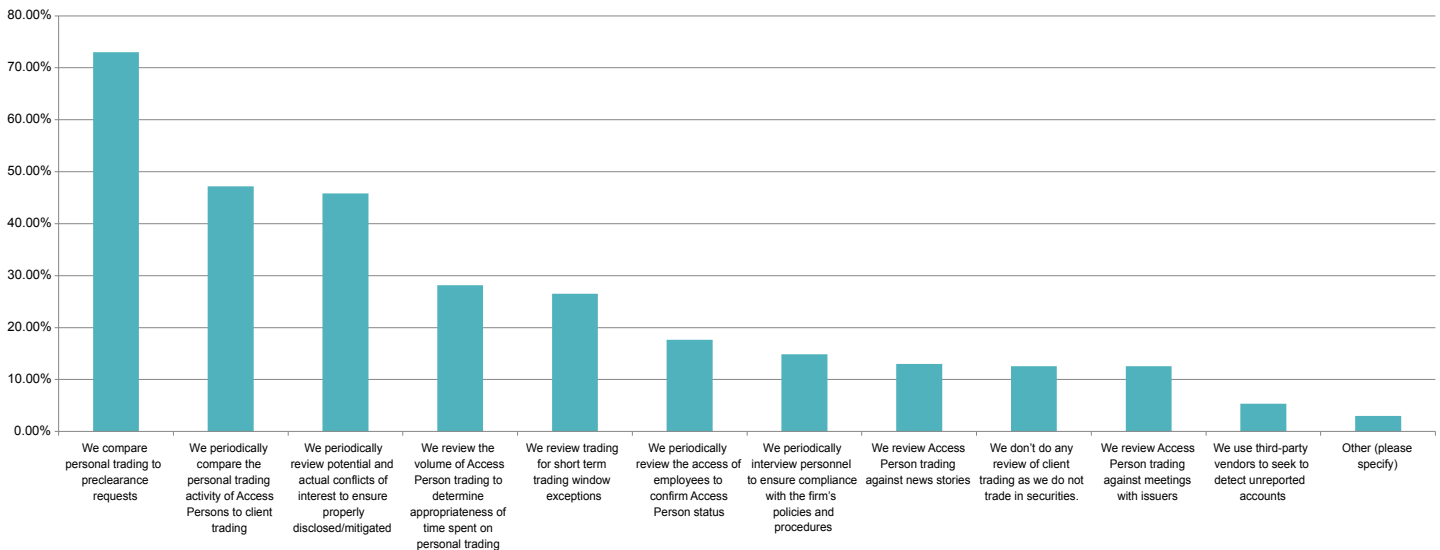
(Check all that apply)



Answer Choices	Responses	
Insider trading restrictions	90.12%	383
Gift and entertainment restrictions	88.94%	378
Whistleblowing procedures	62.59%	266
Political donation restrictions rather than a separate Pay-to-Play policy	62.12%	264
Other (please specify)	6.59%	28
	<b>Answered</b>	<b>425</b>

# Code of Ethics, Gifts, Entertainment, Conflicts of Interest, and Political Contributions:

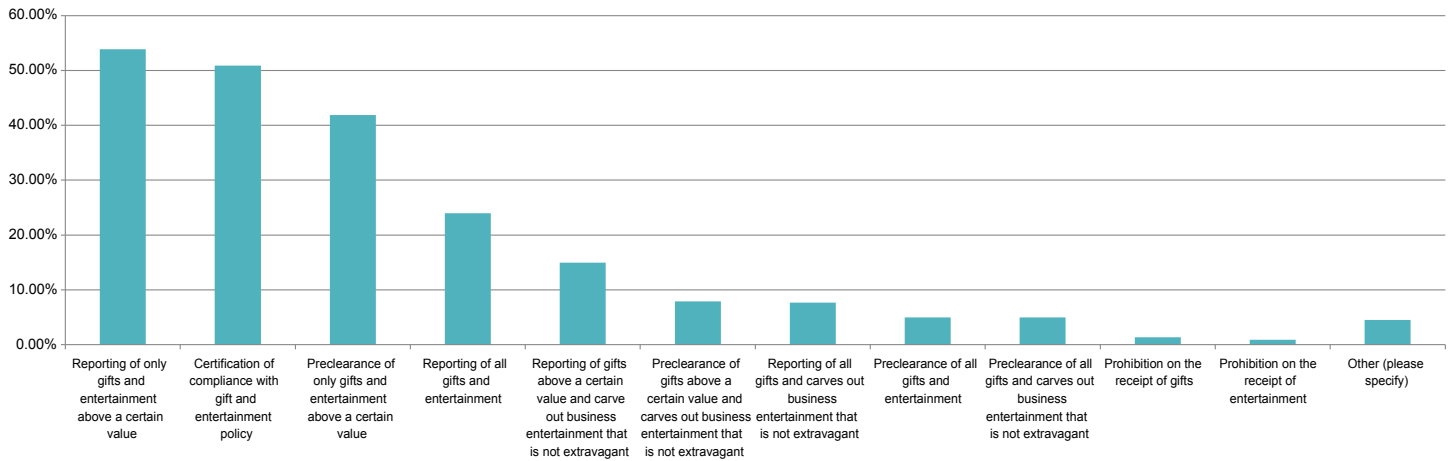
**Generally, describe your code of ethics testing program.** (Check all that apply)



Answer Choices	Responses	
We compare personal trading to preclearance requests	73.02%	314
We periodically compare the personal trading activity of Access Persons to client trading	47.21%	203
We periodically review potential and actual conflicts of interest to ensure properly disclosed/mitigated	45.81%	197
We review the volume of Access Person trading to determine appropriateness of time spent on personal trading	28.14%	121
We review trading for short term trading window exceptions	26.51%	114
We periodically review the access of employees to confirm Access Person status	17.67%	76
We periodically interview personnel to ensure compliance with the firm's policies and procedures	14.88%	64
We review Access Person trading against news stories	13.02%	56
We don't do any review of client trading as we do not trade in securities.	12.56%	54
We review Access Person trading against meetings with issuers	12.56%	54
We use third-party vendors to seek to detect unreported accounts	5.35%	23
Other (please specify)	3.02%	13
	<b>Answered</b>	<b>430</b>

# Code of Ethics, Gifts, Entertainment, Conflicts of Interest, and Political Contributions:

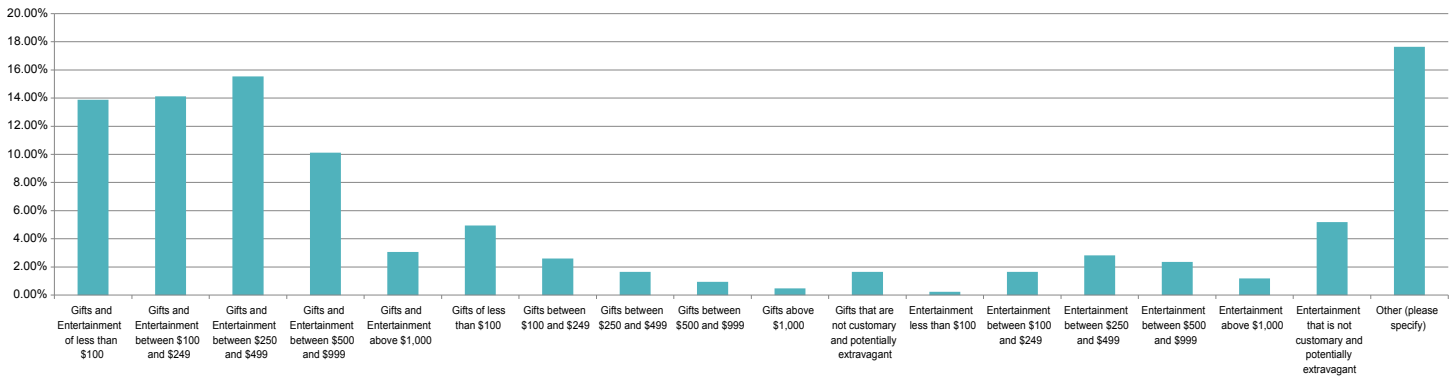
## What does your gifts and entertainment policy require? (Check all that apply)



Answer Choices	Responses	
Reporting of only gifts and entertainment above a certain value	53.85%	238
Certification of compliance with gift and entertainment policy	50.90%	225
Preclearance of only gifts and entertainment above a certain value	41.86%	185
Reporting of all gifts and entertainment	23.98%	106
Reporting of gifts above a certain value and carve out business entertainment that is not extravagant	14.93%	66
Preclearance of gifts above a certain value and carves out business entertainment that is not extravagant	7.92%	35
Reporting of all gifts and carves out business entertainment that is not extravagant	7.69%	34
Preclearance of all gifts and entertainment	4.98%	22
Preclearance of all gifts and carves out business entertainment that is not extravagant	4.98%	22
Prohibition on the receipt of gifts	1.36%	6
Prohibition on the receipt of entertainment	0.90%	4
Other (please specify)	4.52%	20
	<b>Answered</b>	<b>442</b>

## Code of Ethics, Gifts, Entertainment, Conflicts of Interest, and Political Contributions:

**You indicated that your firm requires reporting and/or preclearance of and/or prohibits gifts and business entertainment above a certain value please check the threshold limits most applicable:**

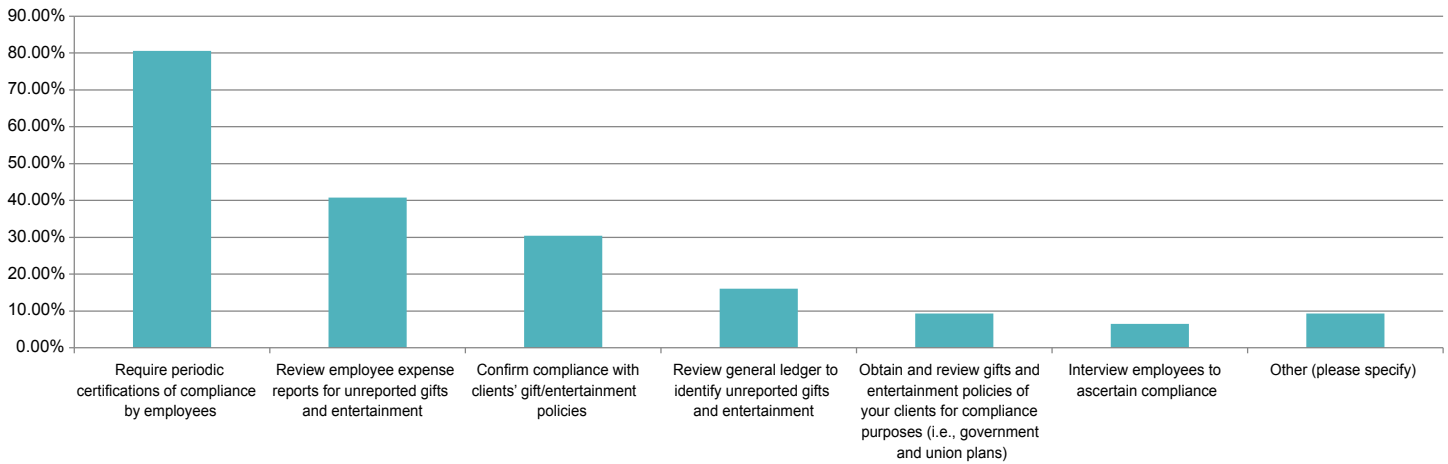


Answer Choices	Responses	
Gifts and Entertainment of less than \$100	13.88%	59
Gifts and Entertainment between \$100 and \$249	14.12%	60
Gifts and Entertainment between \$250 and \$499	15.53%	66
Gifts and Entertainment between \$500 and \$999	10.12%	43
Gifts and Entertainment above \$1,000	3.06%	13
Gifts of less than \$100	4.94%	21
Gifts between \$100 and \$249	2.59%	11
Gifts between \$250 and \$499	1.65%	7
Gifts between \$500 and \$999	0.94%	4
Gifts above \$1,000	0.47%	2
Gifts that are not customary and potentially extravagant	1.65%	7
Entertainment less than \$100	0.24%	1
Entertainment between \$100 and \$249	1.65%	7
Entertainment between \$250 and \$499	2.82%	12
Entertainment between \$500 and \$999	2.35%	10
Entertainment above \$1,000	1.18%	5
Entertainment that is not customary and potentially extravagant	5.18%	22
Other (please specify)	17.65%	75
	<b>Answered</b>	<b>425</b>

# Code of Ethics, Gifts, Entertainment, Conflicts of Interest, and Political Contributions:

## How does your firm test for compliance with its gifts and entertainment policy?

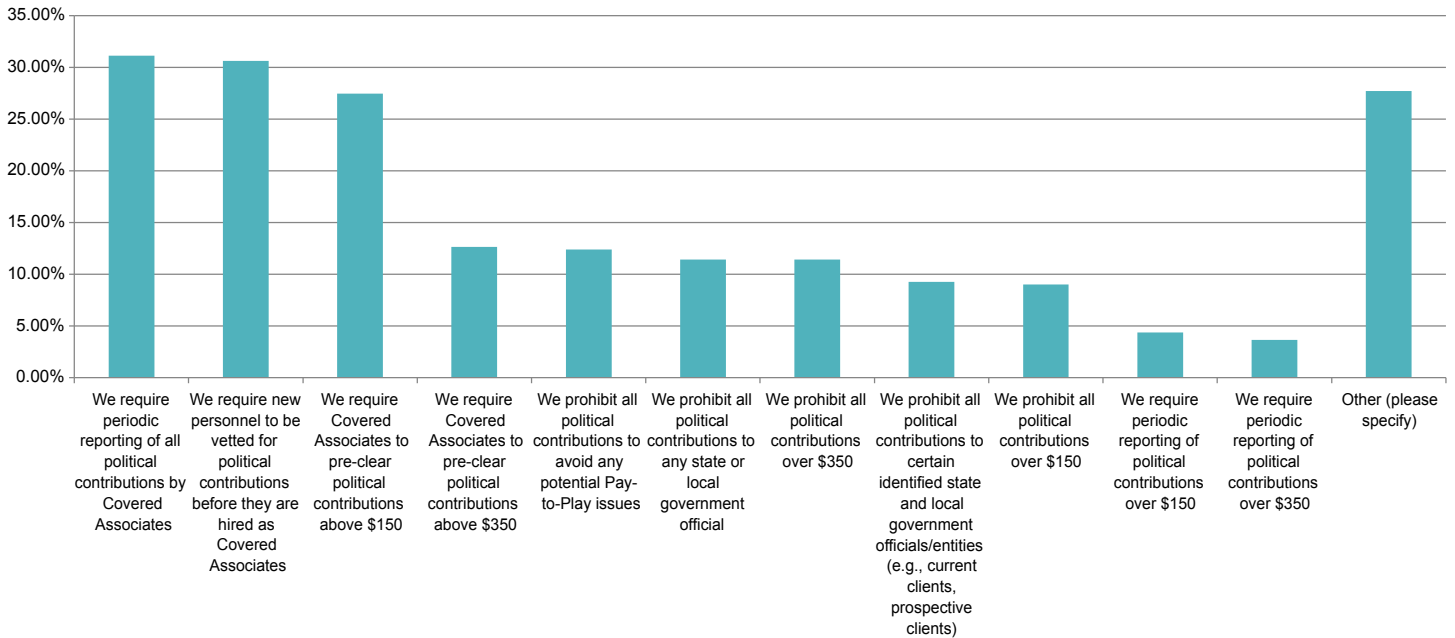
(Check all that apply)



Answer Choices	Responses	
Require periodic certifications of compliance by employees	80.58%	336
Review employee expense reports for unreported gifts and entertainment	40.77%	170
Confirm compliance with clients' gift/entertainment policies	30.46%	127
Review general ledger to identify unreported gifts and entertainment	16.07%	67
Obtain and review gifts and entertainment policies of your clients for compliance purposes (i.e., government and union plans)	9.35%	39
Interview employees to ascertain compliance	6.47%	27
Other (please specify)	9.35%	39
	<b>Answered</b>	<b>417</b>

## Code of Ethics, Gifts, Entertainment, Conflicts of Interest, and Political Contributions:

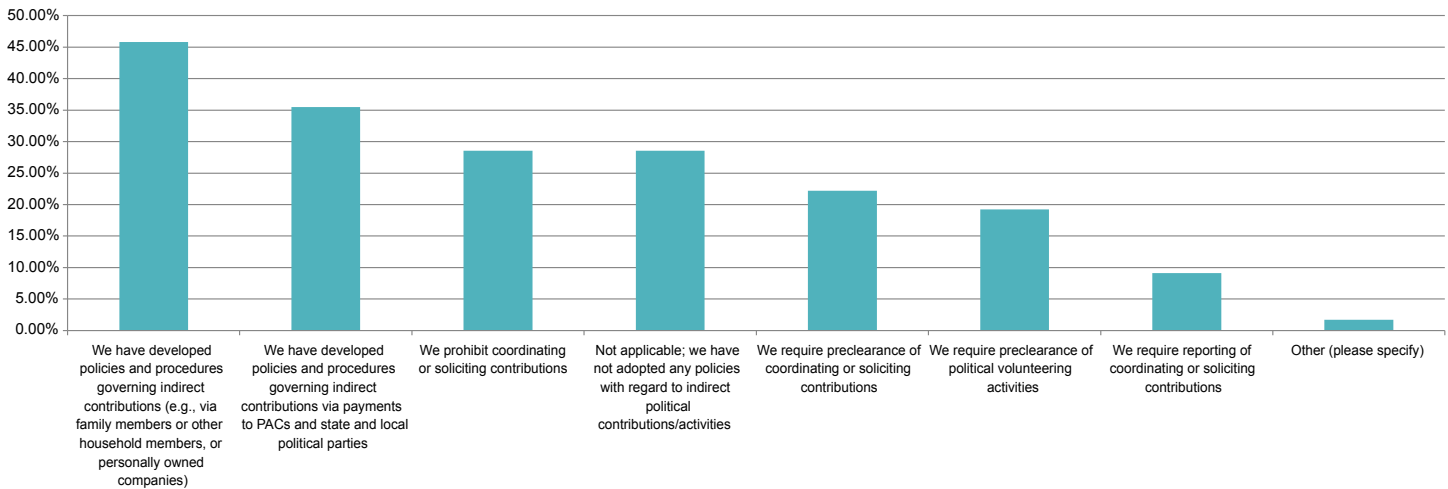
**Which of the following policies have you adopted with regard to political contributions by “Covered Associates” as defined within the Pay-to-Play Rule? (Check all that apply)**



Answer Choices	Responses	
We require periodic reporting of all political contributions by Covered Associates	31.14%	128
We require new personnel to be vetted for political contributions before they are hired as Covered Associates	30.66%	126
We require Covered Associates to pre-clear political contributions above \$150	27.49%	113
We require Covered Associates to pre-clear political contributions above \$350	12.65%	52
We prohibit all political contributions to avoid any potential Pay-to-Play issues	12.41%	51
We prohibit all political contributions to any state or local government official	11.44%	47
We prohibit all political contributions over \$350	11.44%	47
We prohibit all political contributions to certain identified state and local government officials/entities (e.g., current clients, prospective clients)	9.25%	38
We prohibit all political contributions over \$150	9.00%	37
We require periodic reporting of political contributions over \$150	4.38%	18
We require periodic reporting of political contributions over \$350	3.65%	15
Other (please specify)	27.74%	114
	<b>Answered</b>	<b>411</b>

# Code of Ethics, Gifts, Entertainment, Conflicts of Interest, and Political Contributions:

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

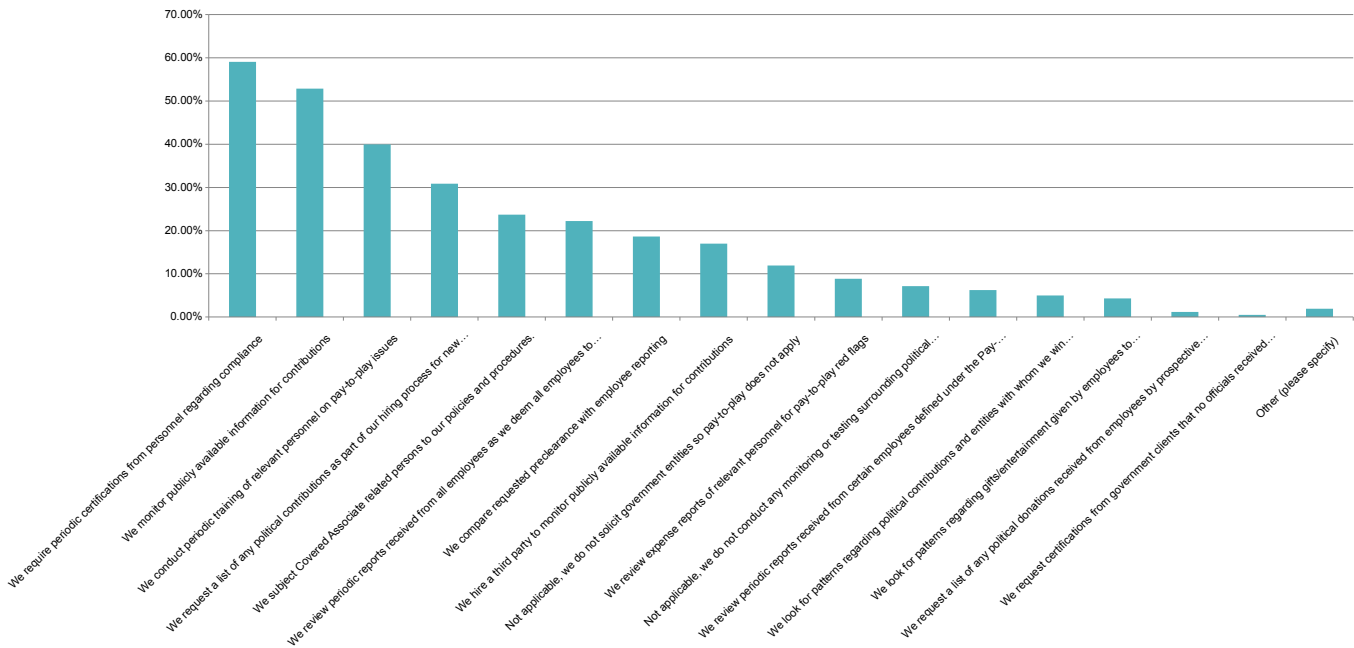


Answer Choices	Responses	
We have developed policies and procedures governing indirect contributions (e.g., via family members or other household members, or personally owned companies)	45.81%	186
We have developed policies and procedures governing indirect contributions via payments to PACs and state and local political parties	35.47%	144
We prohibit coordinating or soliciting contributions	28.57%	116
Not applicable; we have not adopted any policies with regard to indirect political contributions/activities	28.57%	116
We require preclearance of coordinating or soliciting contributions	22.17%	90
We require preclearance of political volunteering activities	19.21%	78
We require reporting of coordinating or soliciting contributions	9.11%	37
Other (please specify)	1.72%	7
	<b>Answered</b>	<b>406</b>



# Code of Ethics, Gifts, Entertainment, Conflicts of Interest, and Political Contributions:

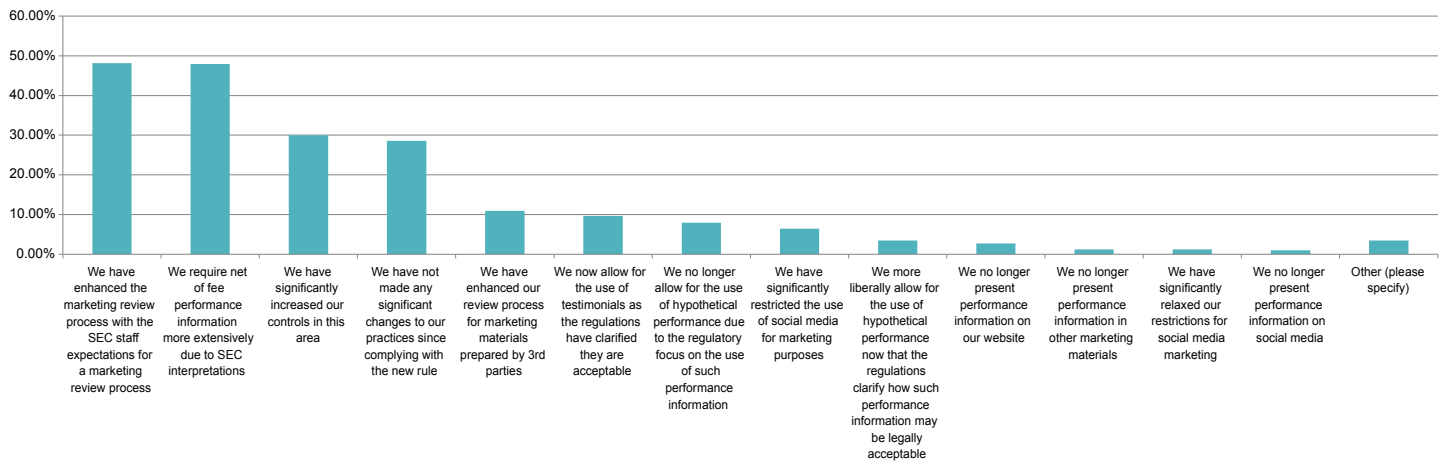
## What types of monitoring or testing does your firm conduct surrounding political contributions? (Check all that apply)



Answer Choices	Responses	
We require periodic certifications from personnel regarding compliance	59.09%	247
We monitor publicly available information for contributions	52.87%	221
We conduct periodic training of relevant personnel on pay-to-play issues	39.95%	167
We request a list of any political contributions as part of our hiring process for new employees	30.86%	129
We subject Covered Associate related persons to our policies and procedures.	23.68%	99
We review periodic reports received from all employees as we deem all employees to be Covered Associates	22.25%	93
We compare requested preclearance with employee reporting	18.66%	78
We hire a third party to monitor publicly available information for contributions	16.99%	71
Not applicable, we do not solicit government entities so pay-to-play does not apply	11.96%	50
We review expense reports of relevant personnel for pay-to-play red flags	8.85%	37
Not applicable, we do not conduct any monitoring or testing surrounding political contributions	7.18%	30
We review periodic reports received from certain employees defined under the Pay-to-Play Rule as Covered Associates	6.22%	26
We look for patterns regarding political contributions and entities with whom we win business	5.02%	21
We look for patterns regarding gifts/entertainment given by employees to government entities with whom we win business	4.31%	18
We request a list of any political donations received from employees by prospective investors as part of the client onboarding process	1.20%	5
We request certifications from government clients that no officials received contributions from firm personnel	0.48%	2
Other (please specify)	1.91%	8
	<b>Answered</b>	<b>418</b>

## Advertising/Marketing Rule:

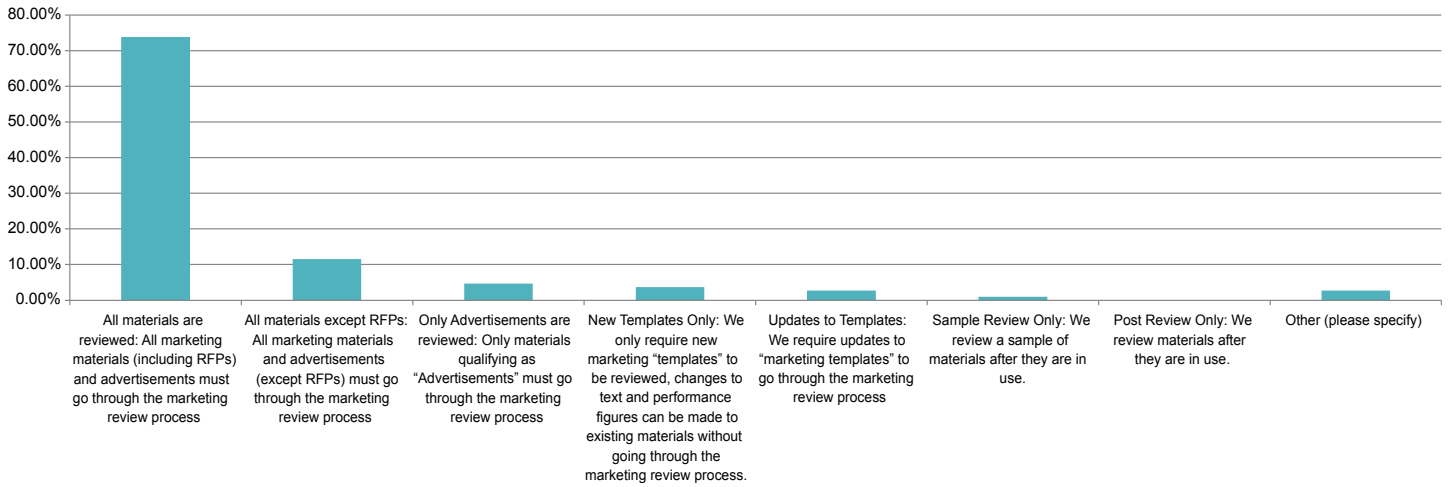
**How have your advertising/marketing practices significantly changed since November 4, 2022, the compliance date for the new Marketing Rule? (Check all that apply)**



Answer Choices	Responses	
We have enhanced the marketing review process with the SEC staff expectations for a marketing review process	48.14%	194
We require net of fee performance information more extensively due to SEC interpretations	47.89%	193
We have significantly increased our controls in this area	30.02%	121
We have not made any significant changes to our practices since complying with the new rule	28.54%	115
We have enhanced our review process for marketing materials prepared by 3rd parties	10.92%	44
We now allow for the use of testimonials as the regulations have clarified they are acceptable	9.68%	39
We no longer allow for the use of hypothetical performance due to the regulatory focus on the use of such performance information	7.94%	32
We have significantly restricted the use of social media for marketing purposes	6.45%	26
We more liberally allow for the use of hypothetical performance now that the regulations clarify how such performance information may be legally acceptable	3.47%	14
We no longer present performance information on our website	2.73%	11
We no longer present performance information in other marketing materials	1.24%	5
We have significantly relaxed our restrictions for social media marketing	1.24%	5
We no longer present performance information on social media	0.99%	4
Other (please specify)	3.47%	14
	<b>Answered</b>	<b>403</b>

# Advertising/Marketing Rule:

## How does your firm review marketing/advertising?

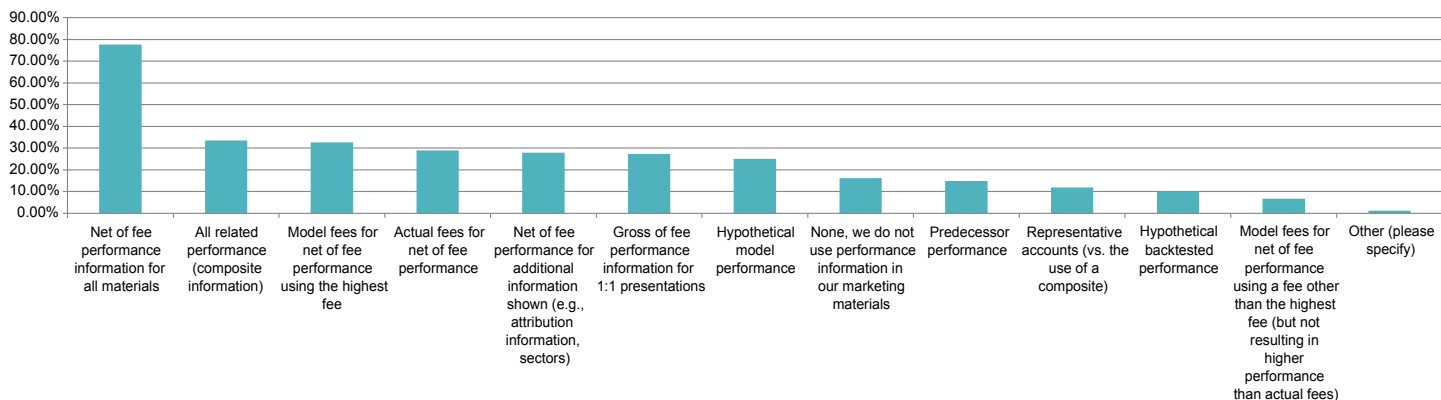


Answer Choices	Responses	
All materials are reviewed: All marketing materials (including RFPs) and advertisements must go through the marketing review process	73.77%	301
All materials except RFPs: All marketing materials and advertisements (except RFPs) must go through the marketing review process	11.52%	47
Only Advertisements are reviewed: Only materials qualifying as "Advertisements" must go through the marketing review process	4.66%	19
New Templates Only: We only require new marketing "templates" to be reviewed, changes to text and performance figures can be made to existing materials without going through the marketing review process.	3.68%	15
Updates to Templates: We require updates to "marketing templates" to go through the marketing review process	2.70%	11
Sample Review Only: We review a sample of materials after they are in use.	0.98%	4
Post Review Only: We review materials after they are in use.	0.00%	0
Other (please specify)	2.70%	11
	<b>Answered</b>	<b>408</b>

## Advertising/Marketing Rule:

### We use the following performance information in our marketing materials.

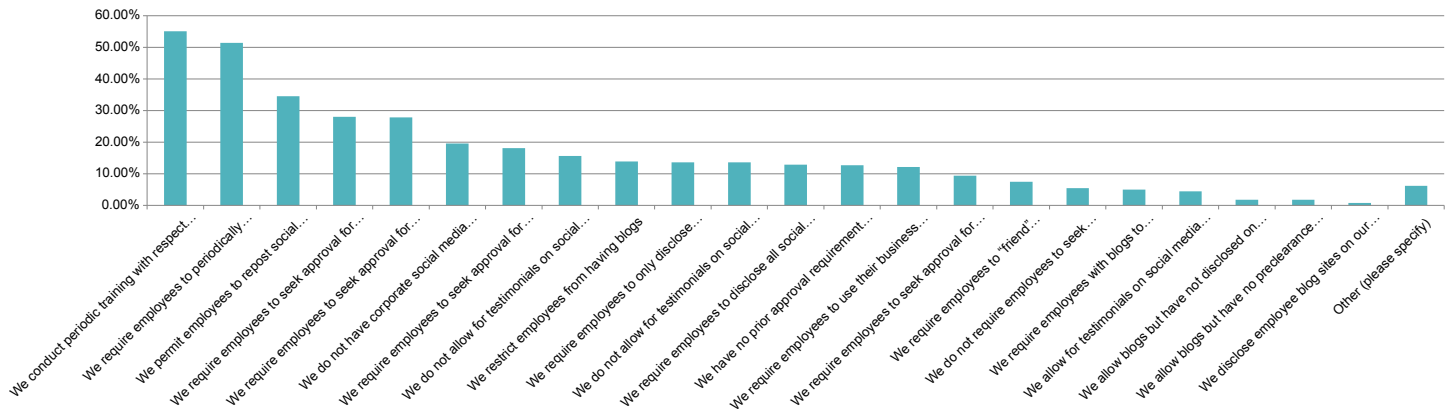
(Check all that apply)



Answer Choices	Responses	
Net of fee performance information for all materials	77.61%	312
All related performance (composite information)	33.58%	135
Model fees for net of fee performance using the highest fee	32.59%	131
Actual fees for net of fee performance	28.86%	116
Net of fee performance for additional information shown (e.g., attribution information, sectors)	27.86%	112
Gross of fee performance information for 1:1 presentations	27.36%	110
Hypothetical model performance	25.12%	101
None, we do not use performance information in our marketing materials	16.17%	65
Predecessor performance	14.93%	60
Representative accounts (vs. the use of a composite)	11.94%	48
Hypothetical backtested performance	9.95%	40
Model fees for net of fee performance using a fee other than the highest fee (but not resulting in higher performance than actual fees)	6.72%	27
Other (please specify)	1.24%	5
	<b>Answered</b>	<b>402</b>

# Advertising/Marketing Rule:

**We restrict social media as follows:** (Check all that apply)



Answer Choices	Responses	
We conduct periodic training with respect to our social media policies	55.09%	222
We require employees to periodically certify compliance with our social media policies and procedures	51.36%	207
We permit employees to repost social media posts from the firm's corporate pages without prior approval	34.49%	139
We require employees to seek approval for all social media information related to our business, except for "business card" type information	28.04%	113
We require employees to seek approval for all social media "posts" related to our business	27.79%	112
We do not have corporate social media pages	19.60%	79
We require employees to seek approval for all social media information including all information on their social media pages related to our business (i.e., stock market, our firm)	18.11%	73
We do not allow for testimonials on social media sites and have required employees to turn off the ability for testimonials to be posted	15.63%	63
We restrict employees from having blogs	13.90%	56
We require employees to only disclose social media accounts with potential information related to our business	13.65%	55
We do not allow for testimonials on social media sites but have no controls in place to prohibit	13.65%	55
We require employees to disclose all social media accounts	12.90%	52
We have no prior approval requirement with respect to comments but we periodically review social media pages, including comments to other posts	12.66%	51
We require employees to use their business email for social media accounts to ensure recordkeeping compliance	12.16%	49
We require employees to seek approval for all social media comments to other posts related to our business	9.43%	38
We require employees to "friend" compliance on their social media accounts where business information could be included	7.44%	30
We do not require employees to seek approval for posts that are investment related but do not specifically reference our firm's strategies (e.g., posts regarding the economy)	5.46%	22

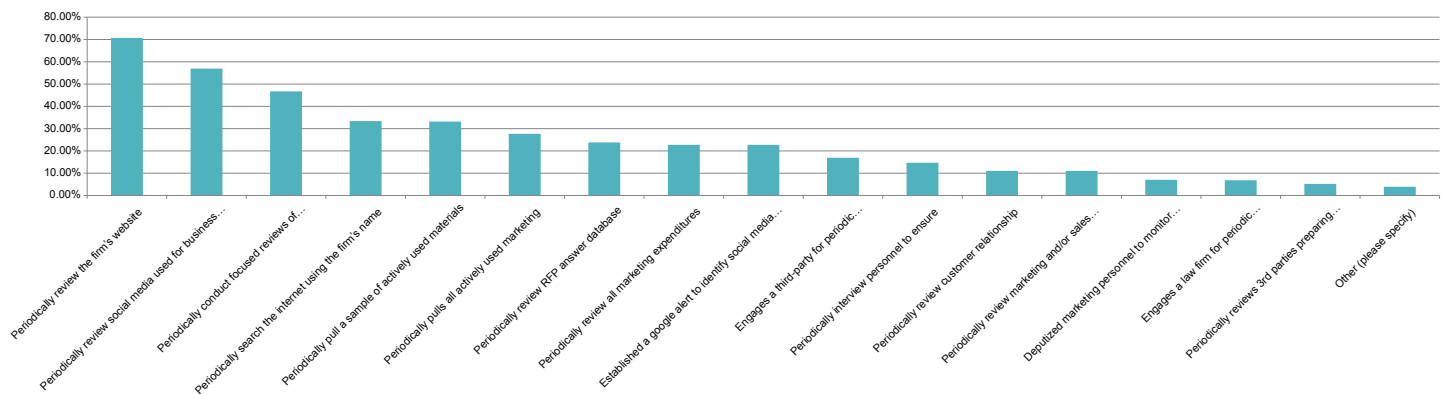
continued

Answer Choices	Responses	
We require employees with blogs to preclear all blog posts	4.96%	20
We allow for testimonials on social media sites	4.47%	18
We allow blogs but have not disclosed on our Form ADV	1.74%	7
We allow blogs but have no preclearance requirements	1.74%	7
We disclose employee blog sites on our Form ADV	0.74%	3
Other (please specify)	6.20%	25
	<b>Answered</b>	<b>403</b>

## Advertising/Marketing Rule:

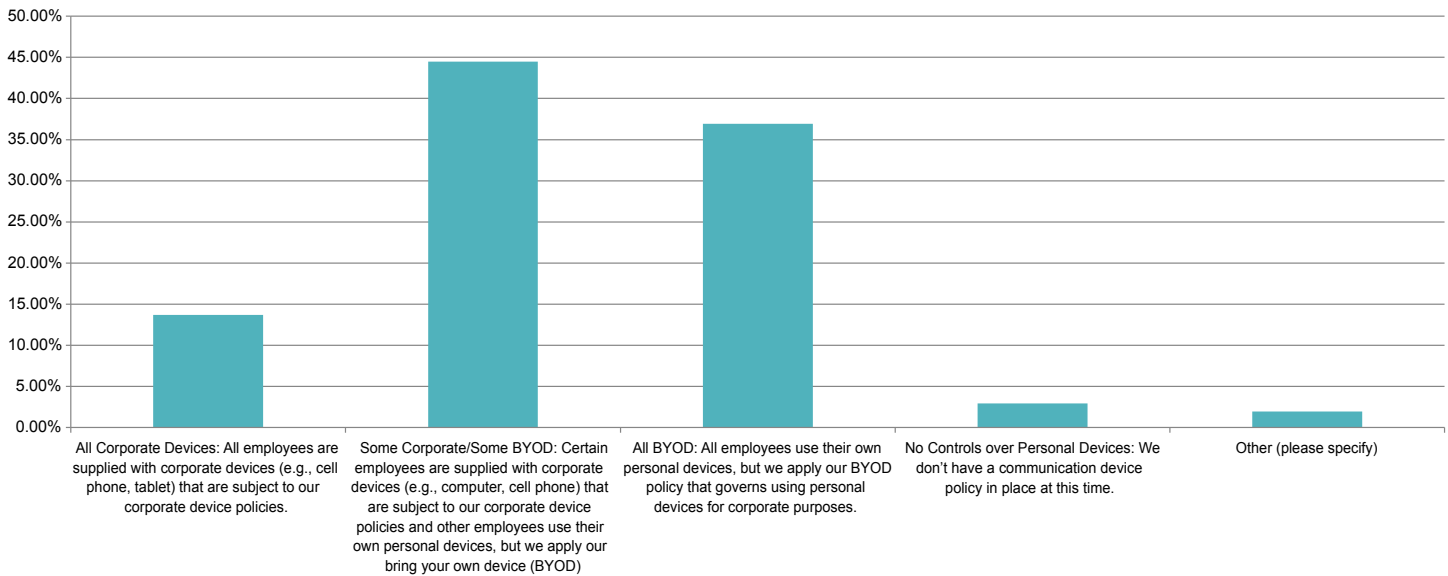
### How does your firm test compliance with marketing/advertising policies and procedures?

(Check all that apply)



Answer Choices	Responses	
Periodically review the firm's website	70.76%	271
Periodically review social media used for business purposes	56.92%	218
Periodically conduct focused reviews of marketing/advertising employee e-mails	46.74%	179
Periodically search the internet using the firm's name	33.42%	128
Periodically pull a sample of actively used materials (e.g., spot-checks) to determine compliance with the firm's policies and procedures	33.16%	127
Periodically pulls all actively used marketing materials to determine that materials are current and in compliance with the firm's policies and procedures	27.68%	106
Periodically review RFP answer database	23.76%	91
Periodically review all marketing expenditures	22.72%	87
Established a google alert to identify social media references of the firm and its senior personnel.	22.72%	87
Engages a third-party for periodic marketing/advertising reviews	16.97%	65
Periodically interview personnel to ensure compliance with the firm's policies and procedures	14.62%	56
Periodically review customer relationship management ("CRM") databases	10.97%	42
Periodically review marketing and/or sales department communication logs	10.97%	42
Deputized marketing personnel to monitor marketing activities	7.05%	27
Engages a law firm for periodic marketing/advertising reviews	6.79%	26
Periodically reviews 3rd parties preparing marketing materials distributed by the firm	5.22%	20
Other (please specify)	3.92%	15
	<b>Answered</b>	<b>383</b>

## Off-Channel Communications/Recordkeeping: Which communication device policy is in place at your firm?

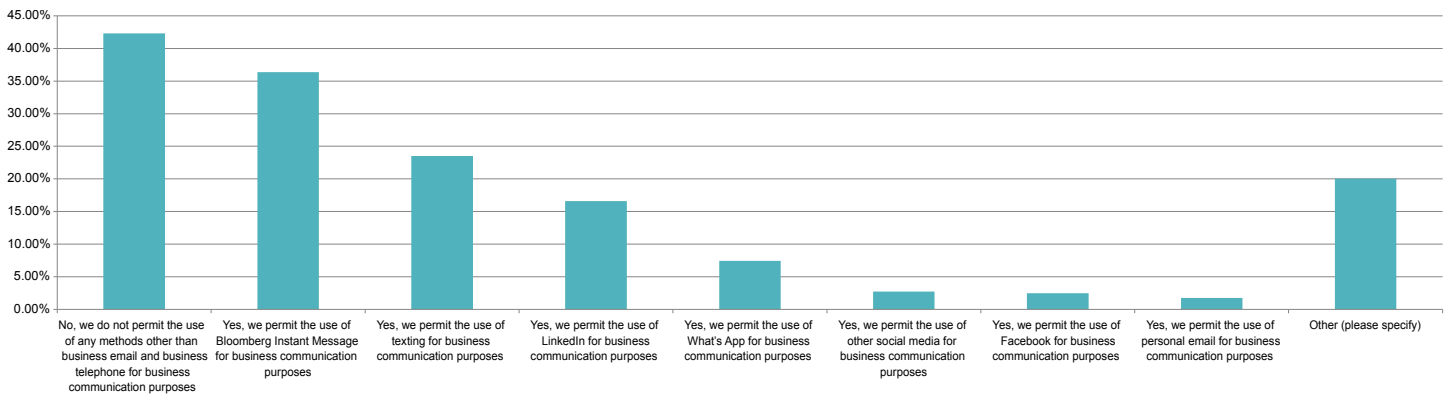


Answer Choices	Responses	
All Corporate Devices: All employees are supplied with corporate devices (e.g., cell phone, tablet) that are subject to our corporate device policies.	13.69%	56
Some Corporate/Some BYOD: Certain employees are supplied with corporate devices (e.g., computer, cell phone) that are subject to our corporate device policies and other employees use their own personal devices, but we apply our bring your own device (BYOD) policy that governs using personal devices for corporate purposes.	44.50%	182
All BYOD: All employees use their own personal devices, but we apply our BYOD policy that governs using personal devices for corporate purposes.	36.92%	151
No Controls over Personal Devices: We don't have a communication device policy in place at this time.	2.93%	12
Other (please specify)	1.96%	8
	<b>Answered</b>	<b>409</b>



## Off-Channel Communications/Recordkeeping:

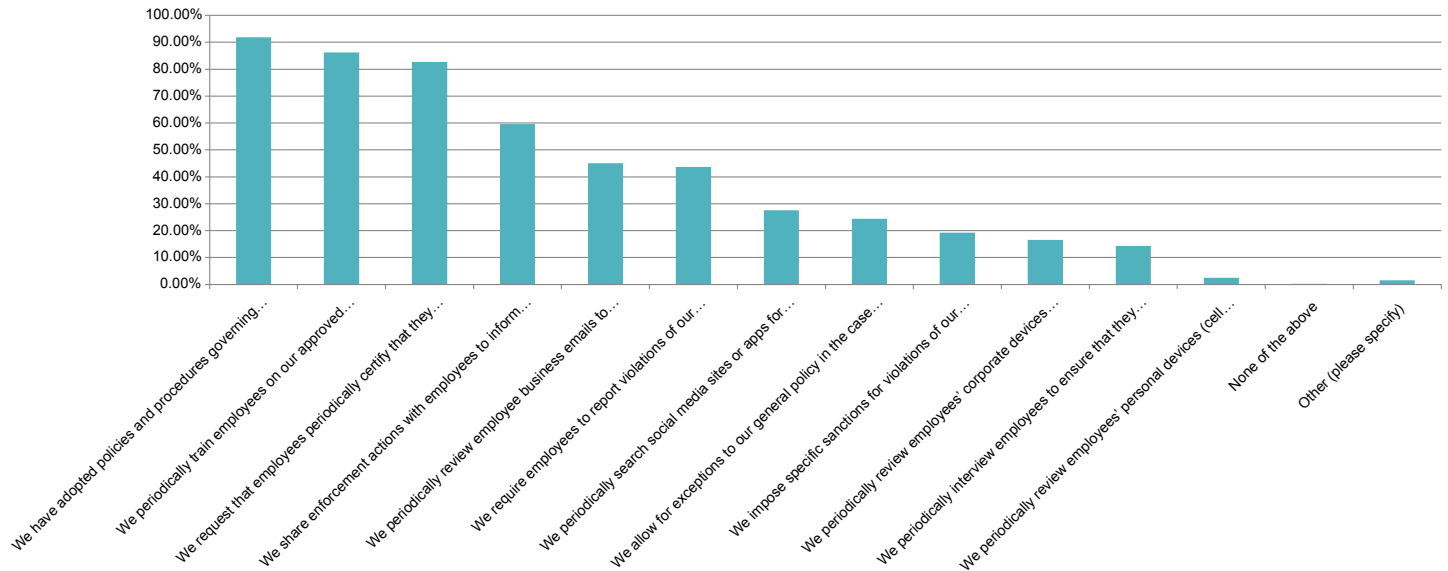
**Does your firm permit employees to use communication methods other than business email and telephone for business communication purposes?** *(Check all that apply)*



Answer Choices	Responses	
No, we do not permit the use of any methods other than business email and business telephone for business communication purposes	42.33%	171
Yes, we permit the use of Bloomberg Instant Message for business communication purposes	36.39%	147
Yes, we permit the use of texting for business communication purposes	23.51%	95
Yes, we permit the use of LinkedIn for business communication purposes	16.58%	67
Yes, we permit the use of What's App for business communication purposes	7.43%	30
Yes, we permit the use of other social media for business communication purposes	2.72%	11
Yes, we permit the use of Facebook for business communication purposes	2.48%	10
Yes, we permit the use of personal email for business communication purposes	1.73%	7
Other (please specify)	20.05%	81
	<b>Answered</b>	<b>404</b>

## Off-Channel Communications/Recordkeeping:

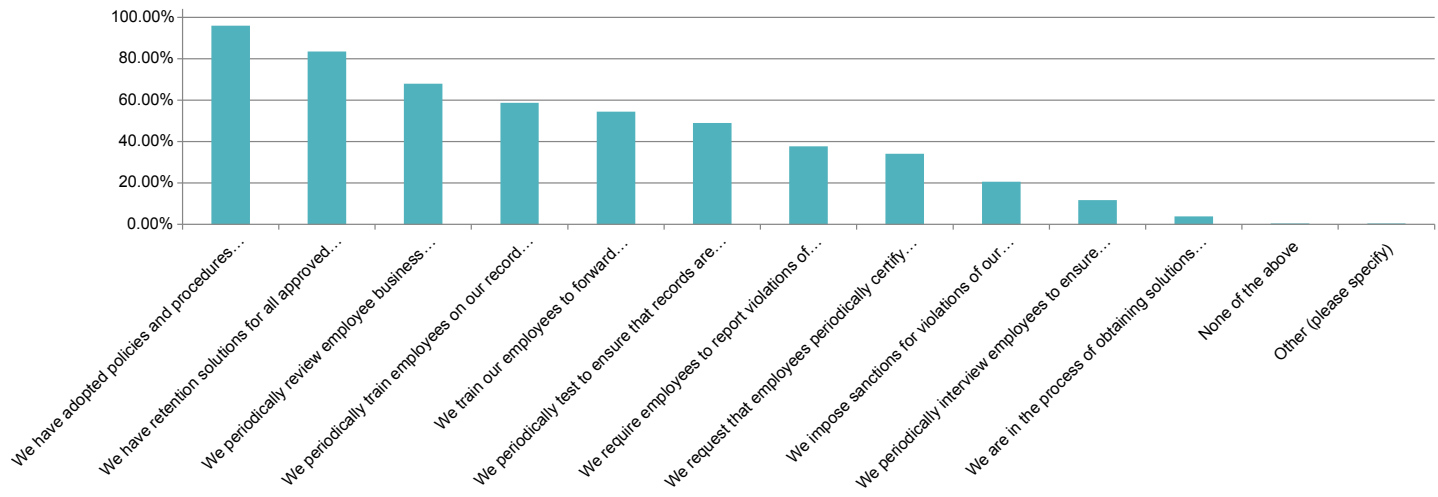
**Which controls are in place with respect to communication methods?** (Check all that apply)



Answer Choices	Responses	
We have adopted policies and procedures governing appropriate communication methods	91.87%	373
We periodically train employees on our approved communication methods	86.21%	350
We request that employees periodically certify that they only use approved communication methods	82.76%	336
We share enforcement actions with employees to inform them of the high risk in using personal devices and unapproved communication methods	59.61%	242
We periodically review employee business emails to determine if the volume may indicate that other methods of communication are being used	45.07%	183
We require employees to report violations of our approved communications policies	43.60%	177
We periodically search social media sites or apps for employee postings	27.59%	112
We allow for exceptions to our general policy in the case of an emergency	24.38%	99
We impose specific sanctions for violations of our communications policies up to and including termination	19.21%	78
We periodically review employees' corporate devices (computer, cell phones) to ensure that prohibited communication methods are not being used	16.50%	67
We periodically interview employees to ensure that they are complying with our communication methods policies and procedures	14.29%	58
We periodically review employees' personal devices (cell phones) to ensure that prohibited communication methods are not being used	2.46%	10
None of the above	0.25%	1
Other (please specify)	1.48%	6
	<b>Answered</b>	<b>406</b>

## Off-Channel Communications/Recordkeeping:

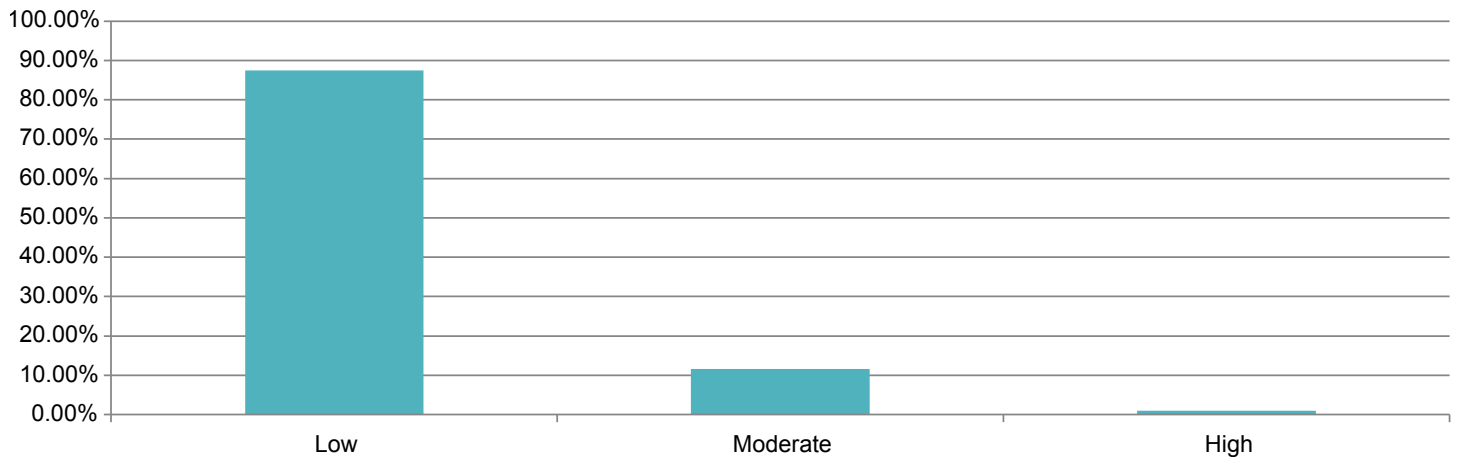
**Which controls are in place to ensure proper retention of communications-related books and records?** (Check all that apply)



Answer Choices	Responses	
We have adopted policies and procedures governing books and records retention	96.08%	392
We have retention solutions for all approved communication methods	83.58%	341
We periodically review employee business emails for specific terms (e.g., "text," "personal email")	67.89%	277
We periodically train employees on our record retention policy	58.82%	240
We train our employees to forward unapproved communications to their business email (e.g., send an unapproved text communication to their business email for retention purposes)	54.41%	222
We periodically test to ensure that records are being properly maintained	49.02%	200
We require employees to report violations of our record retention policies	37.75%	154
We request that employees periodically certify that they retain required books and records	34.07%	139
We impose sanctions for violations of our communications policies	20.59%	84
We periodically interview employees to ensure that they are complying with our record retention policies and procedures	11.76%	48
We are in the process of obtaining solutions for retaining all approved communication methods	3.92%	16
None of the above	0.49%	2
Other (please specify)	0.49%	2
	<b>Answered</b>	<b>408</b>

# Anti-Money Laundering:

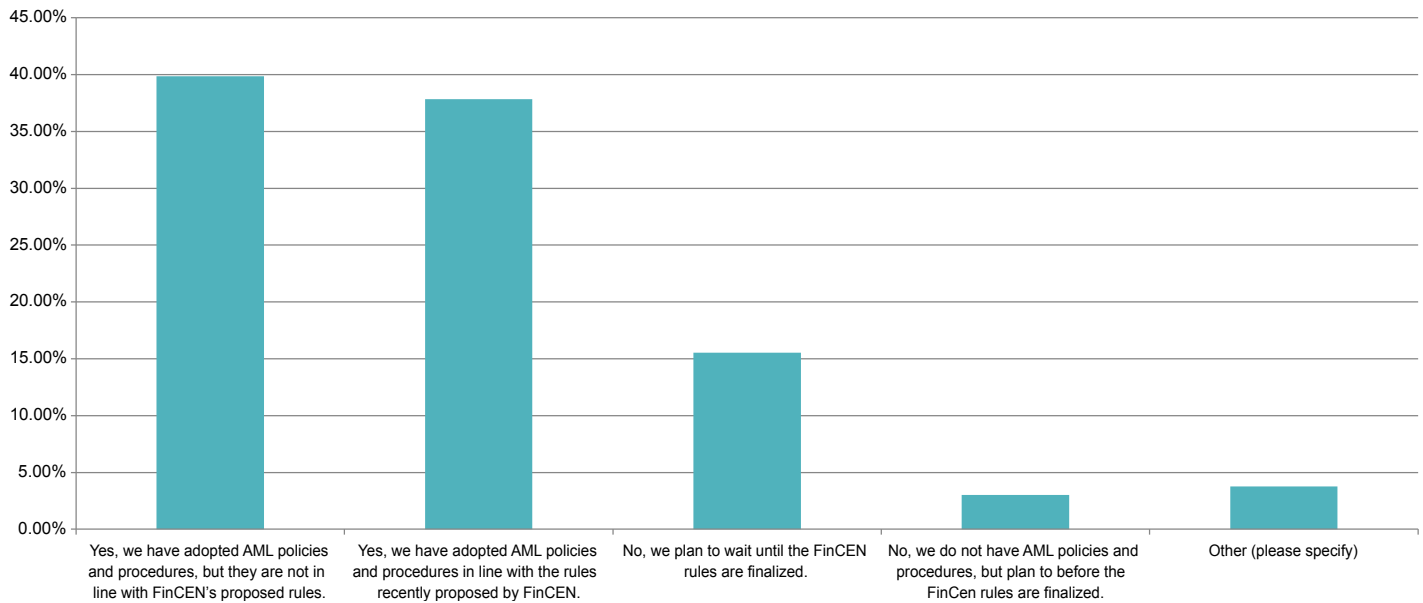
## How would you assess your firm's anti-money laundering related risk?



Answer Choices	Responses	
Low	87.41%	354
Moderate	11.60%	47
High	0.99%	4
	<b>Answered</b>	<b>405</b>

# Anti-Money Laundering:

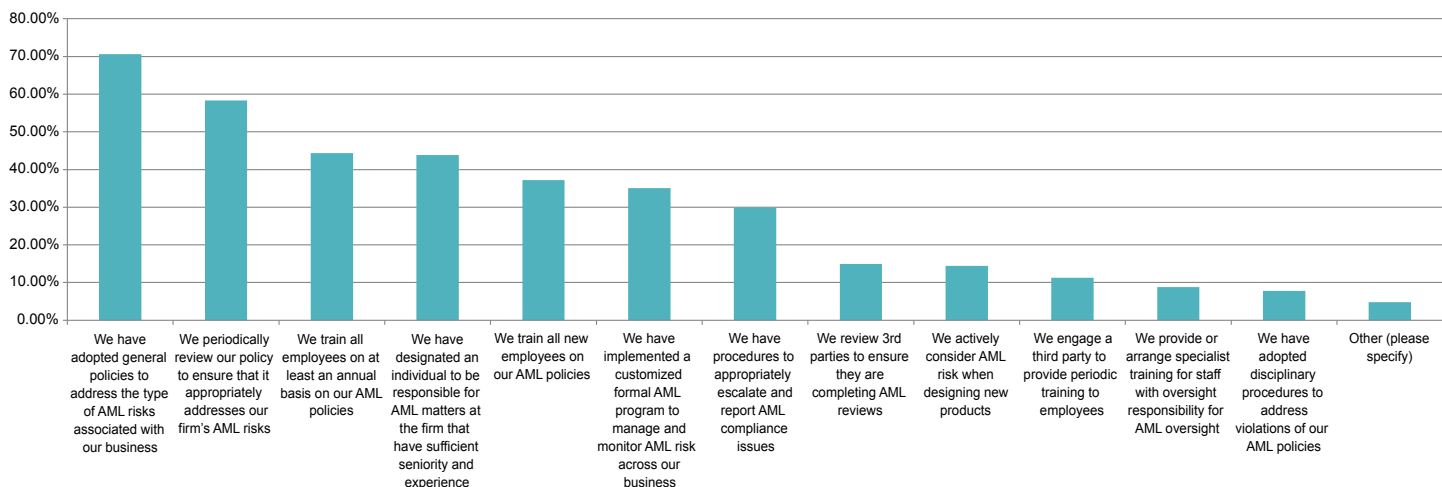
## Have you adopted anti-money laundering policies and procedures?



Answer Choices	Responses	
Yes, we have adopted AML policies and procedures, but they are not in line with FinCEN's proposed rules.	39.85%	159
Yes, we have adopted AML policies and procedures in line with the rules recently proposed by FinCEN.	37.84%	151
No, we plan to wait until the FinCEN rules are finalized.	15.54%	62
No, we do not have AML policies and procedures, but plan to before the FinCen rules are finalized.	3.01%	12
Other (please specify)	3.76%	15
	<b>Answered</b>	<b>399</b>

# Anti-Money Laundering:

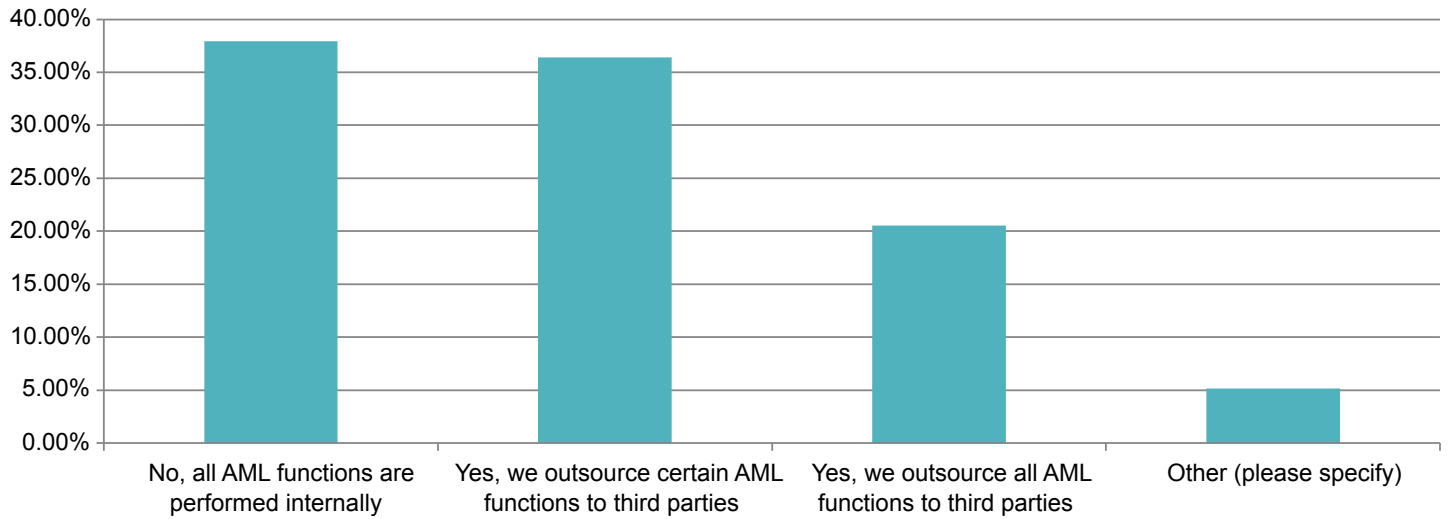
## What do your AML policies and procedures address? (Check all that apply)



Answer Choices	Responses	
We have adopted general policies to address the type of AML risks associated with our business	70.59%	264
We periodically review our policy to ensure that it appropriately addresses our firm's AML risks	58.29%	218
We train all employees on at least an annual basis on our AML policies	44.39%	166
We have designated an individual to be responsible for AML matters at the firm that have sufficient seniority and experience	43.85%	164
We train all new employees on our AML policies	37.17%	139
We have implemented a customized formal AML program to manage and monitor AML risk across our business	35.03%	131
We have procedures to appropriately escalate and report AML compliance issues	29.95%	112
We review 3rd parties to ensure they are completing AML reviews	14.97%	56
We actively consider AML risk when designing new products	14.44%	54
We engage a third party to provide periodic training to employees	11.23%	42
We provide or arrange specialist training for staff with oversight responsibility for AML oversight	8.82%	33
We have adopted disciplinary procedures to address violations of our AML policies	7.75%	29
Other (please specify)	4.81%	18
	<b>Answered</b>	<b>374</b>

## Anti-Money Laundering:

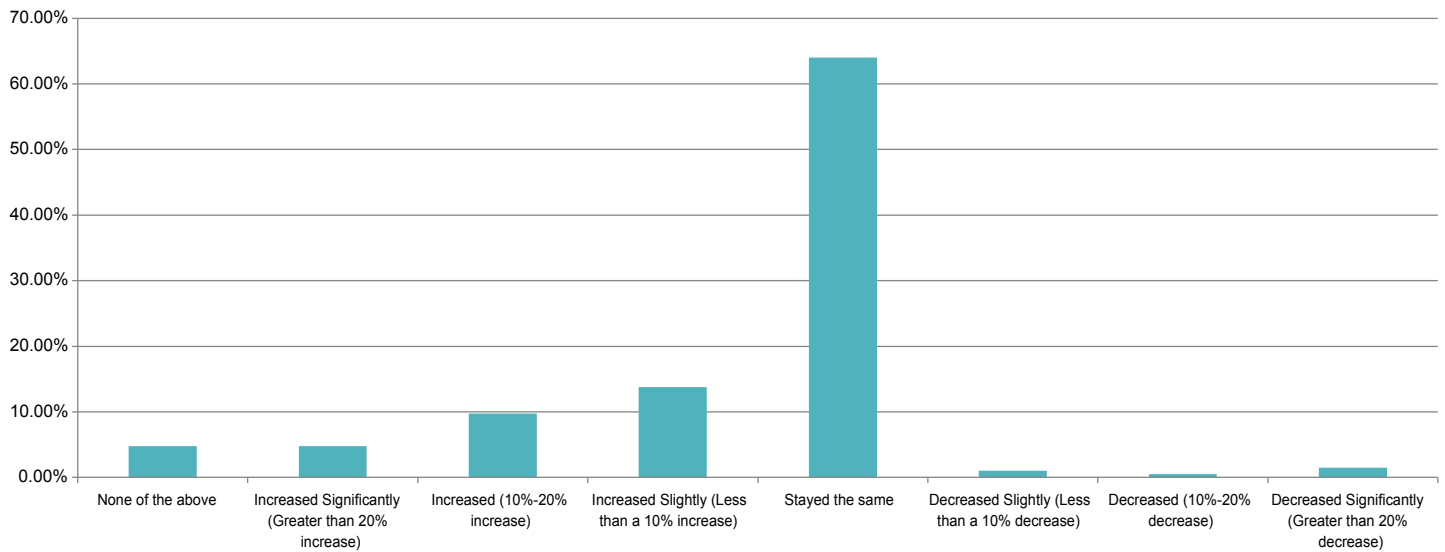
### Do you outsource any AML functions to third parties?



Answer Choices	Responses	
No, all AML functions are performed internally	37.95%	148
Yes, we outsource certain AML functions to third parties	36.41%	142
Yes, we outsource all AML functions to third parties	20.51%	80
Other (please specify)	5.13%	20
	<b>Answered</b>	<b>390</b>

## Anti-Money Laundering:

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

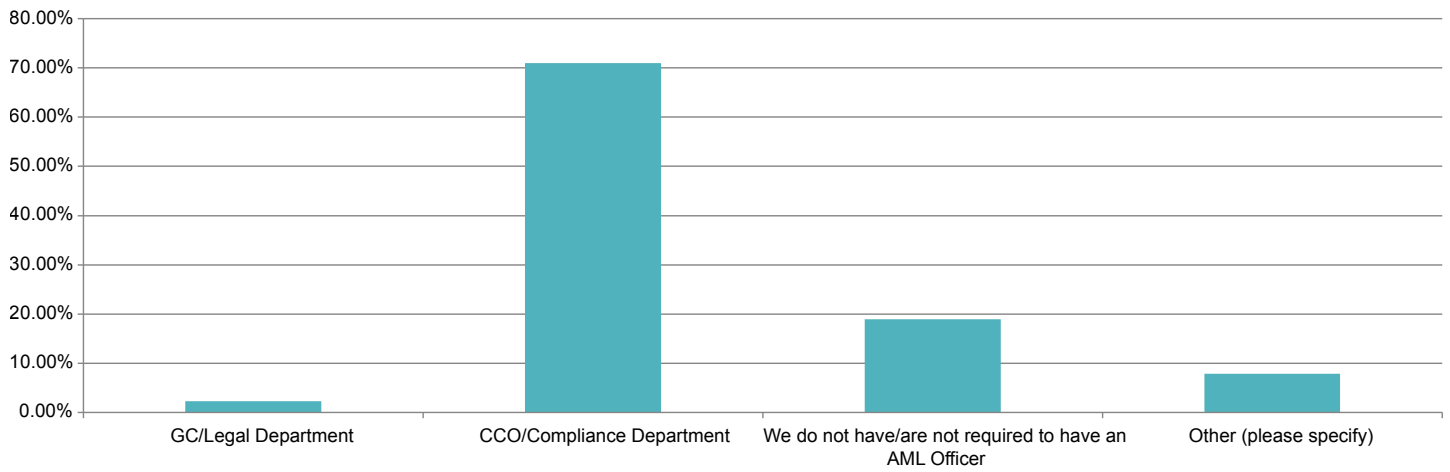


Answer Choices	Responses	
None of the above	4.75%	19
Increased Significantly (Greater than 20% increase)	4.75%	19
Increased (10%-20% increase)	9.75%	39
Increased Slightly (Less than a 10% increase)	13.75%	55
Stayed the same	64.00%	256
Decreased Slightly (Less than a 10% decrease)	1.00%	4
Decreased (10%-20% decrease)	0.50%	2
Decreased Significantly (Greater than 20% decrease)	1.50%	6
	<b>Answered</b>	<b>400</b>



## Anti-Money Laundering:

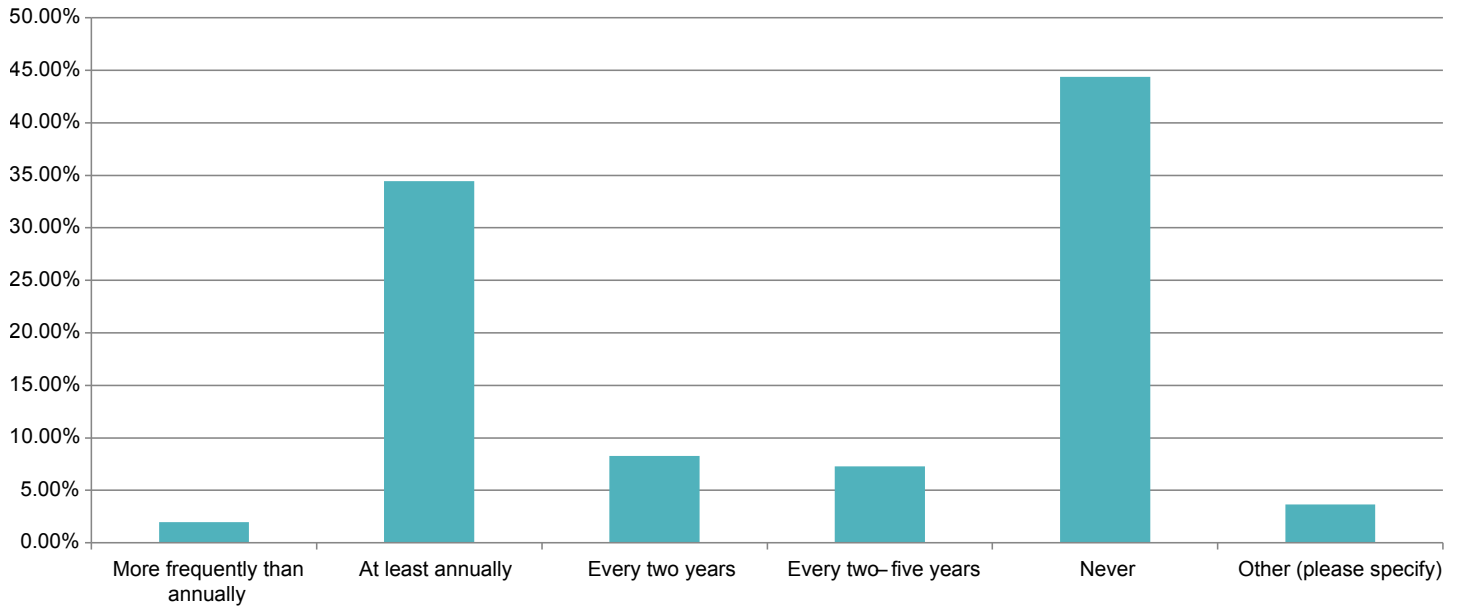
### Who is the Designated AML Officer responsible for the development and administration of AML controls?



Answer Choices	Responses	
GC/Legal Department	2.28%	7
CCO/Compliance Department	71.01%	218
We do not have/are not required to have an AML Officer	18.89%	58
Other (please specify)	7.82%	24
	<b>Answered</b>	<b>307</b>

# Anti-Money Laundering:

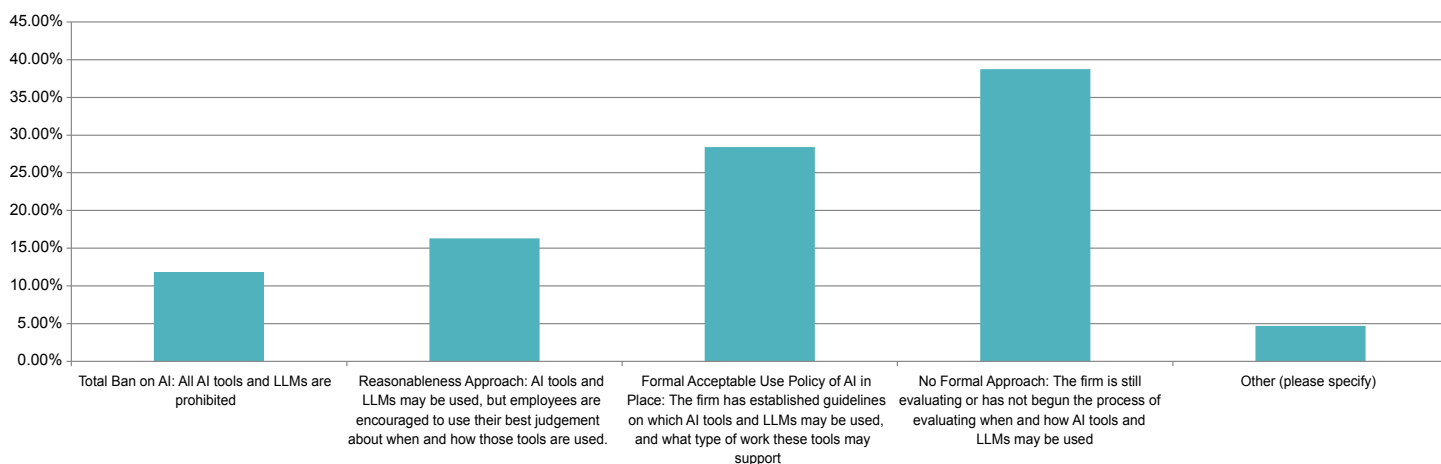
## How often does your firm's AML program undergo independent testing?



Answer Choices	Responses	
More frequently than annually	1.99%	6
At least annually	34.44%	104
Every two years	8.28%	25
Every two – five years	7.28%	22
Never	44.37%	134
Other (please specify)	3.64%	11
	<b>Answered</b>	<b>302</b>

## Artificial Intelligence:

**Which of the following best describes your firm's approach to allowing employees to use AI tools and Large Language Models (LLMs) (e.g., ChatGPT, Bard, etc.) as part of their work?**

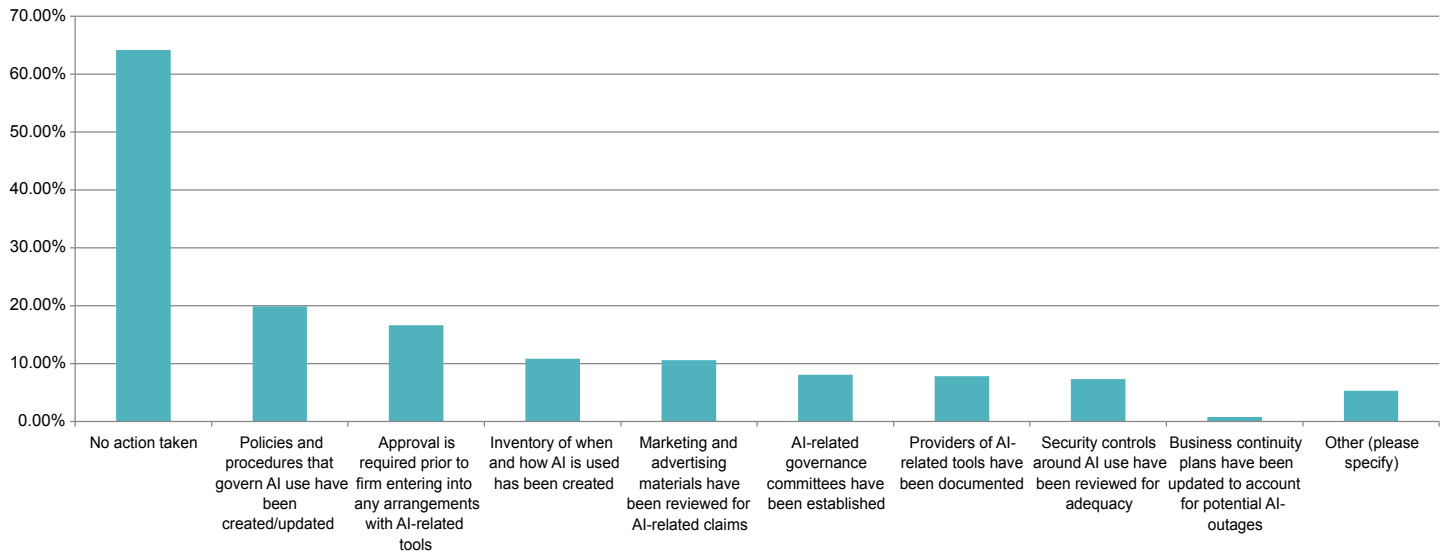


Answer Choices	Responses	
Total Ban on AI: All AI tools and LLMs are prohibited	11.85%	48
Reasonableness Approach: AI tools and LLMs may be used, but employees are encouraged to use their best judgement about when and how those tools are used.	16.30%	66
Formal Acceptable Use Policy of AI in Place: The firm has established guidelines on which AI tools and LLMs may be used, and what type of work these tools may support	28.40%	115
No Formal Approach: The firm is still evaluating or has not begun the process of evaluating when and how AI tools and LLMs may be used	38.77%	157
Other (please specify)	4.69%	19
	<b>Answered</b>	<b>405</b>

## Artificial Intelligence:

### Has your firm taken any action in response to the SEC's AI-related examination sweeps?

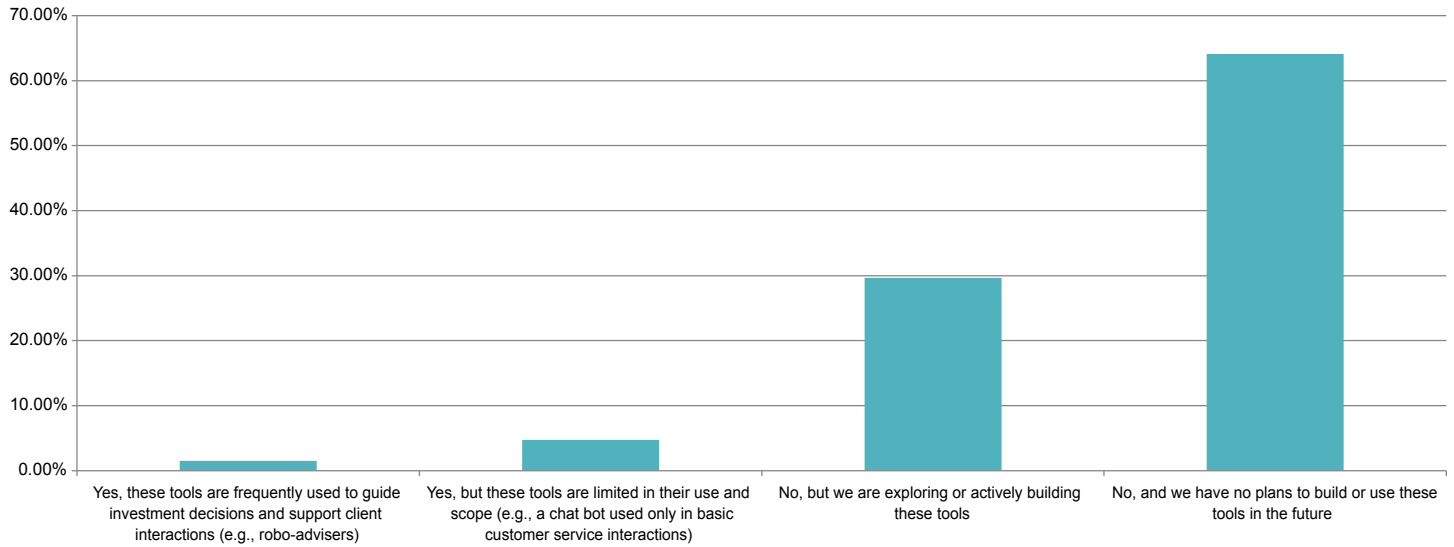
(Check all that apply)



Answer Choices	Responses	
No action taken	64.23%	255
Policies and procedures that govern AI use have been created/updated	19.90%	79
Approval is required prior to firm entering into any arrangements with AI-related tools	16.62%	66
Inventory of when and how AI is used has been created	10.83%	43
Marketing and advertising materials have been reviewed for AI-related claims	10.58%	42
AI-related governance committees have been established	8.06%	32
Providers of AI-related tools have been documented	7.81%	31
Security controls around AI use have been reviewed for adequacy	7.30%	29
Business continuity plans have been updated to account for potential AI-outages	0.76%	3
Other (please specify)	5.29%	21
	<b>Answered</b>	<b>397</b>

## Artificial Intelligence:

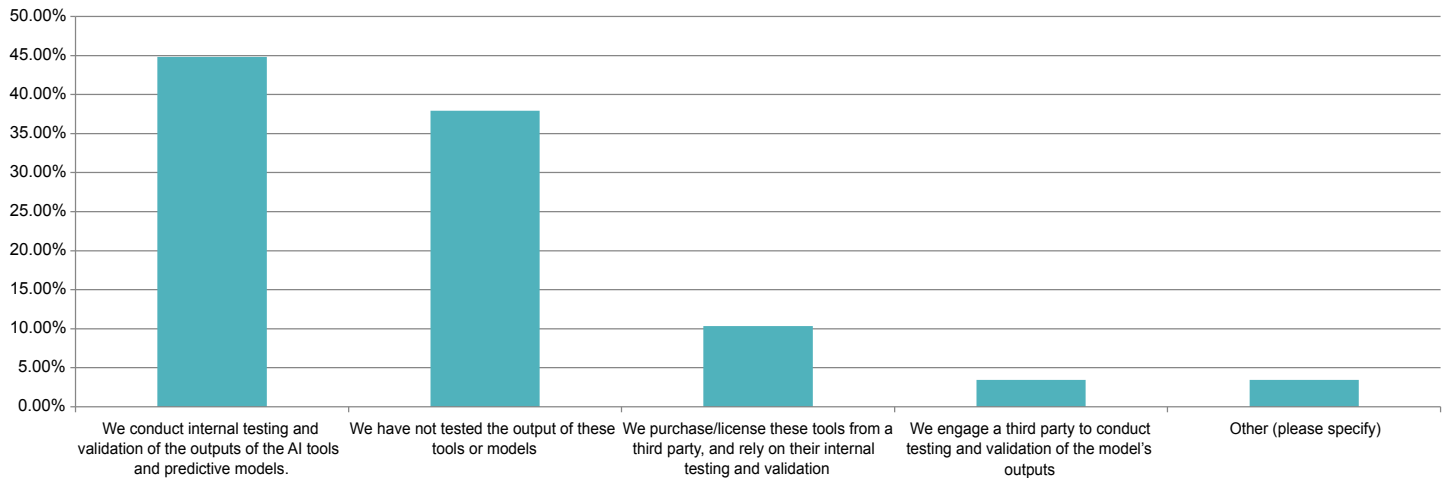
### Does your firm use AI tools or predictive analytic models as part of interactions with clients?



Answer Choices	Responses	
Yes, these tools are frequently used to guide investment decisions and support client interactions (e.g., robo-advisers)	1.50%	6
Yes, but these tools are limited in their use and scope (e.g., a chat bot used only in basic customer service interactions)	4.74%	19
No, but we are exploring or actively building these tools	29.68%	119
No, and we have no plans to build or use these tools in the future	64.09%	257
	<b>Answered</b>	<b>401</b>

## Artificial Intelligence:

### How have you tested or validated the quality of the output of these AI tools or predictive analytic models?

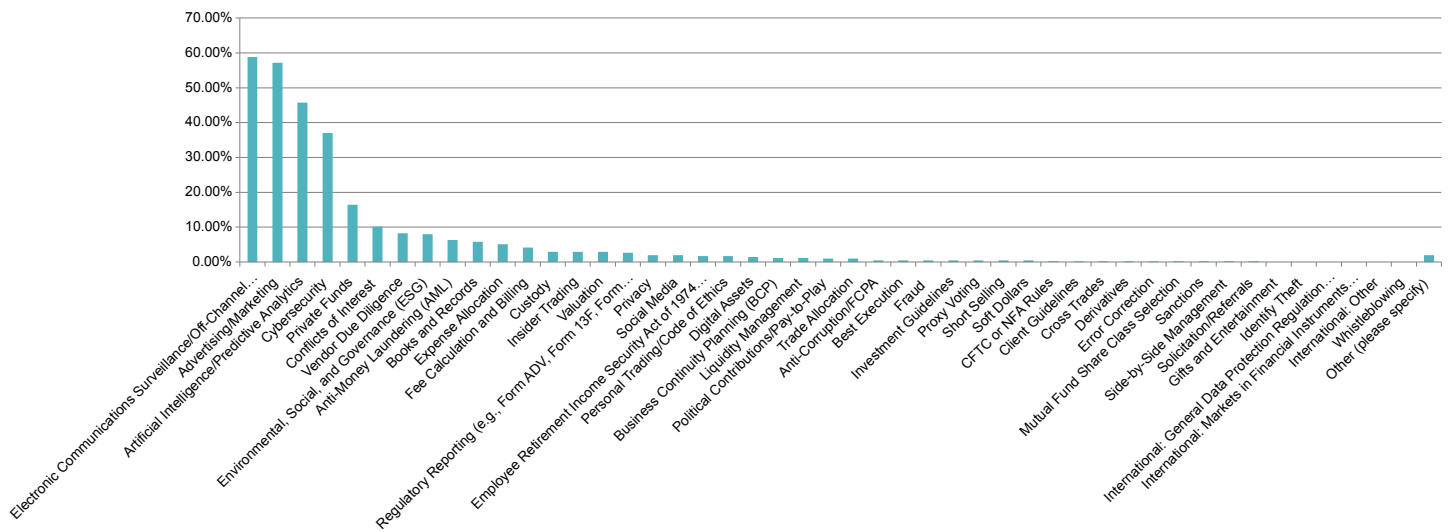


Answer Choices	Responses	
We conduct internal testing and validation of the outputs of the AI tools and predictive models.	44.83%	13
We have not tested the output of these tools or models	37.93%	11
We purchase/license these tools from a third party, and rely on their internal testing and validation	10.34%	3
We engage a third party to conduct testing and validation of the model's outputs	3.45%	1
Other (please specify)	3.45%	1
	<b>Answered</b>	<b>29</b>

## Trend Update: “Hot” Compliance Topics:

### Which of the following areas do you view as the “hottest” compliance topics for 2023?

(Please pick only three)



Answer Choices	Responses	
Electronic Communications Surveillance/Off-Channel Communications	58.84%	243
Advertising/Marketing	57.14%	236
Artificial Intelligence/Predictive Analytics	45.76%	189
Cybersecurity	37.05%	153
Private Funds	16.46%	68
Conflicts of Interest	10.17%	42
Vendor Due Diligence	8.23%	34
Environmental, Social, and Governance (ESG)	7.99%	33
Anti-Money Laundering (AML)	6.30%	26
Books and Records	5.81%	24
Expense Allocation	5.08%	21
Fee Calculation and Billing	4.12%	17
Custody	2.91%	12
Insider Trading	2.91%	12
Valuation	2.91%	12
Regulatory Reporting (e.g., Form ADV, Form 13F, Form PF)	2.66%	11
Privacy	1.94%	8
Social Media	1.94%	8
Employee Retirement Income Security Act of 1974 (ERISA)	1.69%	7
Personal Trading/Code of Ethics	1.69%	7
Digital Assets	1.45%	6
Business Continuity Planning (BCP)	1.21%	5
Liquidity Management	1.21%	5
Political Contributions/Pay-to-Play	0.97%	4

continued

Answer Choices	Responses	
Trade Allocation	0.97%	4
Anti-Corruption/FCPA	0.48%	2
Best Execution	0.48%	2
Fraud	0.48%	2
Investment Guidelines	0.48%	2
Proxy Voting	0.48%	2
Short Selling	0.48%	2
Soft Dollars	0.48%	2
CFTC or NFA Rules	0.24%	1
Client Guidelines	0.24%	1
Cross Trades	0.24%	1
Derivatives	0.24%	1
Error Correction	0.24%	1
Mutual Fund Share Class Selection	0.24%	1
Sanctions	0.24%	1
Side-by-Side Management	0.24%	1
Solicitation/Referrals	0.24%	1
Gifts and Entertainment	0.00%	0
Identify Theft	0.00%	0
International: General Data Protection Regulation (GDPR)	0.00%	0
International: Markets in Financial Instruments Directive (MiFID II)	0.00%	0
International: Other	0.00%	0
Whistleblowing	0.00%	0
Other (please specify)	1.94%	8
	<b>Answered</b>	<b>413</b>