

2nd Annual C-Suite Survey July 2015

The following is a compilation of results from the latest survey of C-suite financial services professionals conducted by Cipperman Compliance Services. CCS offers this information to help establish—or at least confirm—a movement towards compliance best practices on the part of those polled.

Respondents described their firm as:

Asset Managers • (53%)

Broker/Dealers • (13%)

Alternative Managers • (15%)

Wealth Managers • (8%)

Other • (11%)

What follows are the responses to fourteen key questions, broken down by type of firm, yielding an overall view of how the different categories approach compliance.

(Figures shown are rounded off to the nearest 1%; actual totals may vary by 2% to 4%.)

Asset Managers

What is the amount of approximate assets under management?

- Less than \$500 Million • (19%)
- \$500 Million to \$1 Billion • (12%)
- \$1 Billion to \$5 Billion • (19%)
- \$5 Billion+ • (50%)

Which most closely describes your role within the organization?

- CEO/CFO • (15%)
- CCO • (54%)
- General Counsel • (1%)
- Legal / Compliance Personnel • (24%)
- Other • (6%)

How long ago was your last SEC exam?

- Within the last 12 months • (35%)
- Within the last 3 years • (17%)
- More than 3 years ago • (43%)
- Unsure • (4%)

What percentage of revenues do you allocate to compliance?

- 10%+ • (8%)
- 5%–10% • (16%)
- 1%–5% • (38%)
- Less than 1% • (10%)
- Unsure • (29%)

When did you last perform a compliance review?

- Within the last 12 months • (52%)
- 12–24 months ago • (10%)
- More than 24 months ago • (1%)
- Never • (38%)
- Unsure • (0%)

Does the firm have a compliance committee?

- Yes, meets regularly • (52%)
- Yes, meets sporadically • (10%)
- Yes, rarely meets • (1%)
- No • (38%)
- Unsure • (0%)

What is your firm's attitude toward compliance?

- Helps us sell business and retain clients • (26%)
- Keeps us honest and on our toes • (27%)
- Protects the franchise • (24%)
- Cost of doing business • (22%)
- Waste of time and money • (1%)

Do you outsource part or all of your compliance function?

- All (i.e., third party performs all compliance activities) • (3%)
- Some (i.e., third party handles reviews / specified projects) • (47%)
- None • (50%)

How many employees in your organization are dedicated to compliance?

- 1–2 • (45%)
- 3–4 • (23%)
- 5+ • (32%)

How do you feel now that the SEC is more frequently naming and prosecuting individuals?

- Very concerned • (30%)
- Concerned • (49%)
- Not Concerned • (20%)

Are you familiar with SEC investigations pertaining to the following companies? (Please select all that apply)

- Komitzer • (4%)
- Blackrock • (29%)
- Robare • (5%)
- LPL Financial • (23%)
- Tilton • (7%)
- Water Island • (5%)
- Oppenheimer • (21%)
- Not familiar with any of the above • (6%)

Have concerns over whistle blowing caused you to change your compliance program?

- Yes • (6%)
- No • (87%)
- Unsure • (6%)

Do you spend more on your compliance program than legal counsel?

- Yes • (54%)
- No • (30%)
- Unsure • (16%)

Have prospective clients asked to review your compliance policies and/or interview your compliance resources?

- Yes • (75%)
- No • (25%)
- Unsure • (0%)

Broker/Dealers

What is the amount of approximate assets under management?

- Less than \$500 Million • (35%)
- \$500 Million to \$1 Billion • (22%)
- \$1 Billion to \$5 Billion • (26%)
- \$5 Billion+ • (17%)

Which most closely describes your role within the organization?

- CEO/CFO • (4%)
- CCO • (52%)
- General Counsel • (4%)
- Legal / Compliance Personnel • (35%)
- Other • (4%)

How long ago was your last SEC exam?

- Within the last 12 months • (17%)
- Within the last 3 years • (43%)
- More than 3 years ago • (22%)
- Unsure • (17%)

What percentage of revenues do you allocate to compliance?

- 10%+ • (0%)
- 5%–10% • (4%)
- 1%–5% • (35%)
- Less than 1% • (26%)
- Unsure • (35%)

When did you last perform a compliance review?

- Within the last 12 months • (74%)
- 12–24 months ago • (13%)
- More than 24 months ago • (4%)
- Never • (4%)
- Unsure • (4%)

Does the firm have a compliance committee?

- Yes, meets regularly • (30%)
- Yes, meets sporadically • (22%)
- Yes, rarely meets • (9%)
- No • (39%)
- Unsure • (0%)

What is your firm's attitude toward compliance?

- Helps us sell business and retain clients • (30%)
- Keeps us honest and on our toes • (9%)
- Protects the franchise • (35%)
- Cost of doing business • (26%)
- Waste of time and money • (0%)

Do you outsource part or all of your compliance function?

- All (i.e., third party performs all compliance activities) • (17%)
- Some (i.e., third party handles reviews / specified projects) • (48%)
- None • (35%)

How many employees in your organization are dedicated to compliance?

- 1–2 • (48%)
- 3–4 • (22%)
- 5+ • (30%)

How do you feel now that the SEC is more frequently naming and prosecuting individuals?

- Very concerned • (35%)
- Concerned • (48%)
- Not Concerned • (17%)

Are you familiar with SEC investigations pertaining to the following companies? (Please select all that apply)

- Komitzer • (2%)
- Blackrock • (27%)
- Robare • (2%)
- LPL Financial • (31%)
- Tilton • (2%)
- Water Island • (0%)
- Oppenheimer • (27%)
- Not familiar with any of the above • (10%)

Have concerns over whistle blowing caused you to change your compliance program?

- Yes • (13%)
- No • (78%)
- Unsure • (9%)

Do you spend more on your compliance program than legal counsel?

- Yes • (13%)
- No • (70%)
- Unsure • (17%)

Have prospective clients asked to review your compliance policies and/or interview your compliance resources?

- Yes • (74%)
- No • (26%)
- Unsure • (0%)

Alternative Managers

What is the amount of approximate assets under management?

- Less than \$500 Million • (32%)
- \$500 Million to \$1 Billion • (21%)
- \$1 Billion to \$5 Billion • (36%)
- \$5 Billion+ • (11%)

Which most closely describes your role within the organization?

- CEO/CFO • (11%)
- CCO • (36%)
- General Counsel • (11%)
- Legal / Compliance Personnel • (25%)
- Other • (18%)

How long ago was your last SEC exam?

- Within the last 12 months • (21%)
- Within the last 3 years • (25%)
- More than 3 years ago • (36%)
- Unsure • (18%)

What percentage of revenues do you allocate to compliance?

- 10%+ • (0%)
- 5%–10% • (11%)
- 1%–5% • (57%)
- Less than 1% • (18%)
- Unsure • (14%)

When did you last perform a compliance review?

- Within the last 12 months • (75%)
- 12–24 months ago • (14%)
- More than 24 months ago • (3%)
- Never • (7%)
- Unsure • (0%)

Does the firm have a compliance committee?

- Yes, meets regularly • (11%)
- Yes, meets sporadically • (21%)
- Yes, rarely meets • (14%)
- No • (54%)
- Unsure • (0%)

What is your firm's attitude toward compliance?

- Helps us sell business and retain clients • (29%)
- Keeps us honest and on our toes • (18%)
- Protects the franchise • (18%)
- Cost of doing business • (36%)
- Waste of time and money • (0%)

Do you outsource part or all of your compliance function?

- All (i.e., third party performs all compliance activities) • (32%)
- Some (i.e., third party handles reviews / specified projects) • (36%)
- None • (32%)

How many employees in your organization are dedicated to compliance?

- 1–2 • (79%)
- 3–4 • (14%)
- 5+ • (7%)

How do you feel now that the SEC is more frequently naming and prosecuting individuals?

- Very concerned • (29%)
- Concerned • (43%)
- Not Concerned • (29%)

Are you familiar with SEC investigations pertaining to the following companies? (Please select all that apply)

- Komitzer • (3%)
- Blackrock • (34%)
- Robare • (5%)
- LPL Financial • (20%)
- Tilton • (7%)
- Water Island • (2%)
- Oppenheimer • (14%)
- Not familiar with any of the above • (14%)

Have concerns over whistle blowing caused you to change your compliance program?

- Yes • (7%)
- No • (75%)
- Unsure • (18%)

Do you spend more on your compliance program than legal counsel?

- Yes • (25%)
- No • (68%)
- Unsure • (7%)

Have prospective clients asked to review your compliance policies and/or interview your compliance resources?

- Yes • (71%)
- No • (25%)
- Unsure • (3%)

Wealth Managers

What is the amount of approximate assets under management?

- Less than \$500 Million • (8%)
- \$500 Million to \$1 Billion • (31%)
- \$1 Billion to \$5 Billion • (15%)
- \$5 Billion+ • (46%)

Which most closely describes your role within the organization?

- CEO/CFO • (0%)
- CCO • (38%)
- General Counsel • (8%)
- Legal / Compliance Personnel • (46%)
- Other • (8%)

How long ago was your last SEC exam?

- Within the last 12 months • (31%)
- Within the last 3 years • (23%)
- More than 3 years ago • (38%)
- Unsure • (8%)

What percentage of revenues do you allocate to compliance?

- 10%+ • (0%)
- 5%–10% • (8%)
- 1%–5% • (38%)
- Less than 1% • (23%)
- Unsure • (31%)

When did you last perform a compliance review?

- Within the last 12 months • (77%)
- 12–24 months ago • (8%)
- More than 24 months ago • (0%)
- Never • (8%)
- Unsure • (8%)

Does the firm have a compliance committee?

- Yes, meets regularly • (38%)
- Yes, meets sporadically • (0%)
- Yes, rarely meets • (0%)
- No • (62%)
- Unsure • (0%)

What is your firm's attitude toward compliance?

- Helps us sell business and retain clients • (15%)
- Keeps us honest and on our toes • (46%)
- Protects the franchise • (23%)
- Cost of doing business • (15%)
- Waste of time and money • (0%)

Do you outsource part or all of your compliance function?

- All (i.e., third party performs all compliance activities) • (0%)
- Some (i.e., third party handles reviews / specified projects) • (69%)
- None • (31%)

How many employees in your organization are dedicated to compliance?

- 1–2 • (54%)
- 3–4 • (31%)
- 5+ • (15%)

How do you feel now that the SEC is more frequently naming and prosecuting individuals?

- Very concerned • (38%)
- Concerned • (38%)
- Not Concerned • (23%)

Are you familiar with SEC investigations pertaining to the following companies? (Please select all that apply)

- Komitzer • (4%)
- Blackrock • (40%)
- Robare • (4%)
- LPL Financial • (20%)
- Tilton • (6%)
- Water Island • (6%)
- Oppenheimer • (20%)
- Not familiar with any of the above • (0%)

Have concerns over whistle blowing caused you to change your compliance program?

- Yes • (15%)
- No • (77%)
- Unsure • (8%)

Do you spend more on your compliance program than legal counsel?

- Yes • (38%)
- No • (46%)
- Unsure • (15%)

Have prospective clients asked to review your compliance policies and/or interview your compliance resources?

- Yes • (31%)
- No • (62%)
- Unsure • (8%)

Other

What is the amount of approximate assets under management?

- Less than \$500 Million • (15%)
- \$500 Million to \$1 Billion • (5%)
- \$1 Billion to \$5 Billion • (10%)
- \$5 Billion+ • (70%)

Which most closely describes your role within the organization?

- CEO/CFO • (10%)
- CCO • (45%)
- General Counsel • (0%)
- Legal / Compliance Personnel • (30%)
- Other • (15%)

How long ago was your last SEC exam?

- Within the last 12 months • (30%)
- Within the last 3 years • (35%)
- More than 3 years ago • (25%)
- Unsure • (10%)

What percentage of revenues do you allocate to compliance?

- 10%+ • (10%)
- 5%–10% • (10%)
- 1%–5% • (30%)
- Less than 1% • (5%)
- Unsure • (45%)

When did you last perform a compliance review?

- Within the last 12 months • (95%)
- 12–24 months ago • (0%)
- More than 24 months ago • (5%)
- Never • (0%)
- Unsure • (0%)

Does the firm have a compliance committee?

- Yes, meets regularly • (75%)
- Yes, meets sporadically • (0%)
- Yes, rarely meets • (5%)
- No • (20%)
- Unsure • (0%)

What is your firm's attitude toward compliance?

- Helps us sell business and retain clients • (40%)
- Keeps us honest and on our toes • (25%)
- Protects the franchise • (30%)
- Cost of doing business • (5%)
- Waste of time and money • (0%)

Do you outsource part or all of your compliance function?

- All (i.e., third party performs all compliance activities) • (10%)
- Some (i.e., third party handles reviews / specified projects) • (45%)
- None • (45%)

How many employees in your organization are dedicated to compliance?

- 1–2 • (30%)
- 3–4 • (15%)
- 5+ • (55%)

How do you feel now that the SEC is more frequently naming and prosecuting individuals?

- Very concerned • (35%)
- Concerned • (60%)
- Not Concerned • (5%)

Are you familiar with SEC investigations pertaining to the following companies? (Please select all that apply)

- Komitzer • (11%)
- Blackrock • (33%)
- Robare • (0%)
- LPL Financial • (36%)
- Tilton • (5%)
- Water Island • (0%)
- Oppenheimer • (13%)
- Not familiar with any of the above • (5%)

Have concerns over whistle blowing caused you to change your compliance program?

- Yes • (20%)
- No • (70%)
- Unsure • (10%)

Do you spend more on your compliance program than legal counsel?

- Yes • (50%)
- No • (30%)
- Unsure • (20%)

Have prospective clients asked to review your compliance policies and/or interview your compliance resources?

- Yes • (60%)
- No • (30%)
- Unsure • (10%)

Total Responses

What is the amount of approximate assets under management?

- Less than \$500 Million • (41)
- \$500 Million to \$1 Billion • (28)
- \$1 Billion to \$5 Billion • (39)
- \$5 Billion+ • (72)

Which most closely describes your role within the organization?

- CEO/CFO • (21)
- CCO • (86)
- General Counsel • (6)
- Legal / Compliance Personnel • (50)
- Other • (17)

How long ago was your last SEC exam?

- Within the last 12 months • (53)
- Within the last 3 years • (43)
- More than 3 years ago • (67)
- Unsure • (17)

What percentage of revenues do you allocate to compliance?

- 10%+ • (10)
- 5%–10% • (22)
- 1%–5% • (72)
- Less than 1% • (24)
- Unsure • (52)

When did you last perform a compliance review?

- Within the last 12 months • (158)
- 12–24 months ago • (10)
- More than 24 months ago • (5)
- Never • (4)
- Unsure • (3)

Does the firm have a compliance committee?

- Yes, meets regularly • (80)
- Yes, meets sporadically • (20)
- Yes, rarely meets • (8)
- No • (72)
- Unsure • (0)

What is your firm's attitude toward compliance?

- Helps us sell business and retain clients • (49)
- Keeps us honest and on our toes • (43)
- Protects the franchise • (47)
- Cost of doing business • (40)
- Waste of time and money • (1)

Do you outsource part or all of your compliance function?

- All (i.e., third party performs all compliance activities) • (18)
- Some (i.e., third party handles reviews / specified projects) • (83)
- None • (76)

How many employees in your organization are dedicated to compliance?

- 1–2 • (88)
- 3–4 • (37)
- 5+ • (52)

How do you feel now that the SEC is more frequently naming and prosecuting individuals?

- Very concerned • (56)
- Concerned • (86)
- Not Concerned • (35)

Are you familiar with SEC investigations pertaining to the following companies? (Please select all that apply)

- Komitzer • (20)
- Blackrock • (126)
- Robare • (18)
- LPL Financial • (106)
- Tilton • (28)
- Water Island • (18)
- Oppenheimer • (90)
- Not familiar with any of the above • (36)

Have concerns over whistle blowing caused you to change your compliance program?

- Yes • (17)
- No • (144)
- Unsure • (16)

Do you spend more on your compliance program than legal counsel?

- Yes • (75)
- No • (74)
- Unsure • (28)

Have prospective clients asked to review your compliance policies and/or interview your compliance resources?

- Yes • (123)
- No • (50)
- Unsure • (4)