



**COMPENSATION OF LEGAL AND REGULATORY PROFESSIONALS
AT ALTERNATIVE ASSET MANAGERS
2017**

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SOME NOTES ON THE SURVEY

This survey reports on legal and regulatory compensation in the alternative asset management industry. The professionals it covers are General Counsel, Chief Compliance Officer and Associate General Counsel of alternative asset managers, specifically, hedge funds, fund of funds, private equity funds, family offices and the alternative asset management divisions of major asset managers and financial institutions. For the fifth year in a row, it also reports on non-CCO level compliance professionals' compensation. Those who contribute data work in major markets which include the New York Tri-State Area, Boston, Chicago, Washington DC, as well as, Northern and Southern California and London. The majority of the of the GC/AGC/CCO data (220 of 307 data points) comes from professionals in NYC.

This is the fourteenth year that I have produced this Survey. It reports highs, lows, medians, averages and top quartile across the top three job categories (GC, AGC, CCO) as well as for non-CCO compliance professionals. For our three top job categories we breakout ranges based on a variety of variables including years of experience, AUM, strategy and size (number of offices, number of employees, number of legal/compliance professionals). We look at the effect of carry and deferred compensation. For our non-CCO professionals we breakout ranges based on title, years of experience and whether they have a law degree.

With respect to the main survey (GC, AGC, CCO), we observed compensation was up a bit on the whole from the prior year (roughly 3% across the median and 5% across the top quartile). The majority of the gains appear to be for more senior professionals. The median compensation for all professionals with 16 plus years' experience rose 6% while the same measure for professionals with 10 or less years' experience dropped by the same amount. The median and top quartile for GC with 16 plus years' experience increased 9% and 12%, respectively from 2016 to 2017. Participation in this study is not static – data comes and goes – so it is likely that the compensation at the lower end of the sample is declining as fund's legal and compliance departments become more bottom heavy and staffed with professionals doing less complex work.

There is nothing particularly enlightening or unexpected in this year's data. Single managers pay more than institutions. Senior compensation exceeds that of junior talent. GC make more than AGC and CCOs. The data offers, as it always has, a detailed glimpse of what is "market" compensation in the alternative space for top legal and regulatory talent. There are hidden gems inside the data not related directly to compensation for the very observant reader!

Concerning the non-CCO survey, the most interesting thing the data reveals deals with JD vs. non-JD pay. As you would expect overall professionals with law degrees make more than professionals without. However, when you break this data into subsets as experience increases, the gap between those with law degrees and without not only decreases but is turned upside down. The majority non-lawyer supervisors (Deputy CCOs, Compliance Directors and Managers) make more than their lawyer counterparts. We have many theories about this that are too complicated to get into here.

As is evident in the study that follows, compensation in the alternative space for legal and compliance professionals is "all over the place" and the logic behind the disparities is often difficult to fathom. Almost all of the data in the survey is collected verbally by me personally so I know the story behind each number. Obviously, I cannot share individual circumstances but I have come to a general understanding of what factors drive

compensation in the space that might not be evident from the aggregated numbers contained in this study. For my thoughts on the subject see a series of interviews I gave over the past couple of years to *The Hedge Fund Law Report* (<https://www.claypoolesearch.com/in-the-news/>).

I have said this before and it bears repeating! To those who hold the view that the numbers contained in this survey are “inflated” when compared to those in the industry wide studies which the majority of large established asset managers participate in, consider this: The compensation figures presented here are higher and in some cases significantly higher than those presented in industry wide studies but to label them as “inflated” is inaccurate. The difference between this study and the industry wide studies is that the latter cover the entire asset management industry including mutual funds, broker dealers and fixed income managers. They also cover professionals in secondary markets. **This study only covers legal and regulatory professionals at alternative managers in major markets.** It should be no surprise that the CCO of a New York based hedge fund with \$5Bn under management and a 2/20 fee structure is paid considerably more than the CCO of a mutual fund complex in a secondary market with management fees measured in basis points and little or no incentive fees. Also keep in mind that participation in this study is voluntary, so professionals on the low end of the spectrum are much more highly motivated to participate. I know many highly paid professionals who would fall into (or above) the top quartile who do not participate. If anything, compensation in the space is likely higher than reported here.

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SURVEY HIGHLIGHTS

	Sample Size	Low	High	Median	Average	Top Quartile
All Participants						
Entire Sample	307	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA
16+ Years	114	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA
11 to 15 Years	90	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA
6 to 10 Years	87	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA
1 to 5 Years	16	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA
All GC						
All GC	105	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA
GC	37	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA
GC/CCO	68	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA
All GC 16+ Years	62	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA
All GC 15 Years and Less	43	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA
All AGC						
All AGC	180	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA
AGC Only	154	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA
AGC/CCO	26	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA
16+ Years	36	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA
11 to 15 Years	57	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA
6 to 10 Years	71	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA
1 to 5 Years	16	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA
All CCO						
All CCO	116	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA
CCO	22	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA
GC/CCO	68	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA
AGC/CCO	26	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA
All CCO 16+Years	57	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA
All CCO 11 to 15 Years	40	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA
All CCO 10 Years and Under	19	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA

**NON-CCO COMPLIANCE PROFESSIONALS
COMPLIANCE OFFICERS AND ASSOCIATES***

Entire Grouping

	Sample Size	Low	High	Median	Average	Top Quartile
Everyone	169	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA

By Title

	Sample Size	Low	High	Median	Average	Top Quartile
Compliance Officer	68	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA
Compliance Associate	101	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA

By Experience

	Sample Size	Low	High	Median	Average	Top Quartile
11 Plus Years	49	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA
6 to 10 Years	69	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA
1 to 5 Years	51	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA

JD/Non-JD

	Sample Size	Low	High	Median	Average	Top Quartile
Professionals with JDs						
Compliance Officer	42	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA
Compliance Associate	39	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA
Professionals Without JDs						
Compliance Officer	26	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA
Compliance Associate	62	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA	\$\$BDICRA

* There are many title variations for Non-CCO professionals -- Deputy CCO, Compliance Director, Compliance Manager, etc. For the purpose of this study a Compliance Officer is defined as a Non-CCO compliance professional who has other compliance professionals reporting to her. A Compliance Associate takes no reports.