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SEI White Paper: Continued Regulatory Scrutiny Means Firms Must Raise Their Compliance Standards

Compliance Experts Outline Trends and Tips to Stay Ahead of the Curve

OAKS, Pa., Feb. 26 /PRNewswire-FirstCall/ -- Investment managers and mutual funds cannot afford to reduce their compliance focus despite the fact that there were a relatively limited number of major new regulatory or legislative initiatives launched in the past year, according to SEI (Nasdaq: SEIC), a leading global provider of outsourced asset management, investment processing and investment operations solutions. In a white paper released today, SEI warns that the SEC's recent flurry of coordinated outreach efforts, speeches and educational campaigns point to a continued compliance crackdown by the nation's top financial regulatory body.

"With its recent activity, the SEC is clearly sending a message that the compliance bar will be raised in 2007," said Jim Volk, Chief Accounting Officer & CCO, SEI's Investment Manager Services division. "At SEI, we're sending the message that the best regulatory defense is a good offense. We're outlining what we see as the compliance trends for 2007 and recommending strategies and actions to help our clients stay ahead of the SEC's expectations."

The white paper, entitled *Raising the Bar: How Your Compliance Strategy Should Change in 2007*, outlines specific expectations including:

- * Increased expectations of CCOs and senior management - CCOs need to be asking tougher questions and looking harder at their programs, while senior management must be much more engaged and involved.
- * More effective annual reviews - Based on the SEC's report that only 60% of firms performed a "solid annual review," firms need to take a critical look at their reviews to understand how they can strengthen them.
- * Improvements in the use of risk assessments - This was the number-one theme from the SEC's CCO Outreach Program last year. Specifically, firms need to make sure their risk assessment ties results into their policies and procedures, and determine how the results drive the design of compliance program testing and monitoring.
- * Stronger compliance program policies - This includes more rigorous testing, ongoing education for employees, a well-defined process for

dealing with violations, and clear evidence that previously-identified issues have not only been fixed, but that solutions have been applied to prevent similar occurrences.

- * Careful consideration of the SEC's "hot button" issues - Compliance policies and procedures should address the SEC's priority concerns, which include insider trading and "front running," use of clients' money, trading issues and identity theft prevention.

The white paper also points out that CCOs should be prepared for higher expectations from the fund boards or management committees to which they report.

Excerpts from the white paper can be found at
http://www.seic.com/ims/General_raising_the_bar.asp.

About SEI's Investment Manager Services Division

SEI's Investment Manager Services division provides total operations outsourcing solutions to investment managers focused on mutual funds, hedge and private equity funds, separately managed accounts and institutional client services. The division applies operating services, technologies, and business and regulatory knowledge to each client's business objectives. Its resources enable clients to meet the demands of the marketplace and sharpen business strategies by focusing on their core competencies.

About SEI

SEI (Nasdaq: SEIC) is a leading global provider of outsourced asset management, investment processing and investment operations solutions. The company's innovative solutions help corporations, financial institutions, financial advisors, and affluent families create and manage wealth. As of the period ending December 31, 2006, through its subsidiaries and partnerships in which the company has a significant interest, SEI administers \$366.6 billion in mutual fund and pooled assets and manages \$181.5 billion in assets. SEI serves clients, conducts or is registered to conduct business and/or operations, from more than 20 offices in over a dozen countries. For more information, visit www.seic.com.

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