

**UPDATE REPORT ON  
ASIA PACIFIC RIPS  
As of 26 November 2006**

**Asia Pacific RIPS Objectives**

The objectives of each Regional Investment Performance Subcommittee (RIPS) are:

- a) to represent the interests of regional Country Sponsors in the GIPS standards at the GIPS Council
- b) to provide a conduit of information between the local Country Sponsor and the GIPS Council
- c) to promote the implementation of the GIPS standards within the region – preferably by Country Sponsors adopting the GIPS standards (In English), or an EC-endorsed Translation of the GIPS standards (TG);
- d) to stimulate interest and support for the GIPS standards by communicating the benefits of the GIPS standards and encouraging investment management firms to comply;
- e) to support the GIPS Council and EC in the further development of GIPS standards by providing meaningful input and seeking suitable nominees to participate in the work of the EC and its subcommittees;
- f) to promote the establishment of an effective and consistent verification service throughout the region; and
- g) to communicate the benefits of the GIPS standards and cooperate with regulators to broaden GIPS standards compliance to cover all aspects of the investment management industry in the region.

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## **Membership**

The following organizations are the initial members of the Asia Pacific RIPS, as the first organizations to be endorsed by the GIPS Executive Committee as Country Sponsors in the region:

<b><u>Country</u></b>	<b><u>Members</u></b>
Australia	Performance Analyst Group of Australia (P Group)
Hong Kong SAR	Hong Kong Society of Financial Analysts
Japan	The Security Analysts Association of Japan (SAAJ)
Micronesia <sup>1</sup>	Asia Pacific Association for Fiduciary Studies (APAFS)
New Zealand	CFA Society of New Zealand
Singapore	Investment Management Association of Singapore

<sup>1</sup> Republic of Palau (ROP); Republic of the Marshall Islands (RMI); Federated States of Micronesia (FSM); Commonwealth of the Northern Marianas Islands (CNMI); and Territory of Guam (Guam)

## **Review of Status**

The meeting in Rome on 22 June 2006 was the inaugural meeting of the Asia Pacific RIPS and earlier this month we had our first meeting by conference call. There is unquestionably an emerging regional focus among members which is very encouraging for the future of GIPS endorsement and compliance in the region. It is in my view a very exciting time for Asia Pacific, as a region, because it is beginning to engage officially as a whole and with growing regional representation with the rest of the global GIPS Organization.

Yet, it remains very early days for GIPS in the region as a whole. But, of course, already in countries like Australia and Japan, GIPS compliance is very strong. In Hong Kong and Singapore, GIPS awareness is definitely increasing but local firm compliance remains low. This is especially the case in New Zealand, where local firms have yet to comply with GIPS despite strong awareness. In Micronesia, the journey has just begun for APAFS, our newest sponsor.

I have had the pleasure and privilege to visit Manila again in the Philippines and speak at a regional investment conference organized by one of our members, APAFS, on GIPS. The level of interest was very high and the event was well covered by the local media. There is now clear momentum in the Philippines for GIPS compliance. We should expect to see a Country Sponsor emerge in the near future. I also had the pleasure of meeting another of our members, Giri Mudeliar, in Singapore on my return to New Zealand from Manila.

There has also been some GIPS activity in Seoul, Korea, where another of our members, Karita-san, has organized a regional meeting of ASAF representatives to discuss GIPS

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and where a representative of the local CFA Society was invited as an observer. I have no doubt that, soon, we will also see some development in Korea on the GIPS Country Sponsor front.

Much is happening also in Hong Kong, where our member is involved with translating in Simplified Chinese the GIPS standards. The translation has just been completed and it is currently being fully reviewed to ensure its accuracy and quality. The HK Sponsor aims to make available to the EC a final version for our consideration before the end of this year. Let us hope we can achieve releasing an official version of GIPS in Chinese before September 2007 when the EC/Council/RIPSs will meet in Asia as that would indeed be splendid timing.

Finally, I am very pleased to report that a total of 18 volunteers from the region came forward and were accepted into the various subcommittees of the EC, which was a great achievement on the part of all members and a clear manifestation of the strong desire in the region to participate actively in the ongoing development of GIPS.

### **Proposal for Funding of Travel Expenses**

My proposal for improved and fairer funding for travel of members to in-person meetings of the GIPS Council/RIPS is presented in the Appendix for the EC's consideration.

### **Next Steps**

We must still establish priorities for the region as a whole (for example, what is more important: to focus on our existing country sponsors and their needs or on searching for more good candidates in other countries in order to expand our membership and thereby gain better representation on the GIPS Council?), as well as clarify what are the specific needs of each country sponsor – as these are likely to vary significantly from member to member, given the different stage each is at in its own constituency with respect to GIPS awareness and compliance.

I very much look forward to continue serving the region in 2007 and especially when the region will be hosting the GIPS Organization in Asia in September, hopefully in Beijing.

Respectfully yours,



Louis Boulanger, CFA  
Chair, Asia Pacific RIPS  
26 November 2006

## APPENDIX – PROPOSAL FOR FUNDING OF TRAVEL COSTS

GIPS Council OPPs currently state that CFA Institute will provide "substantial" funding for travel to the in-person meetings. Members of the Asia Pacific RIPS have pointed out that the word "substantial" needed to be defined better and queried why it could not be full funding. Some members expressed concern about being unable to attend all meetings because of possible lack of funding from the country sponsor to meet any difference between the member's incurred travel costs and what CFA Institute considers to be "substantial".

One member suggested that a fixed dollar cost could be applied to each meeting that all sponsors would pay, with CFA Institute paying the balance of all travel costs. The member representing the Japanese sponsor said that they felt that everyone should pay for themselves. Unfortunately, few if any of the sponsoring organisations in the Asia Pacific region, have the financial means of funding the cost of global travel. After good discussion on the matter, it was resolved that I should ask CFA Institute to consider funding travel costs in full, as had been the case to date, but if this was no longer possible, to strongly recommend that a different approach be used with the aim that this should be fairer for all country sponsors.

Two options are submitted below for the consideration of the EC, the first being our members' preferred option.

1. That a set amount in US\$ be fixed in advance as the cost to be met by any member of the GIPS Council/RIPS to attend an in-person meeting and that the full balance of all travel costs<sup>1</sup> be fully reimbursed by CFA Institute.
2. That the "substantial" level of funding be determined on the basis of the number of hours of flying required by the member to attend the in-person meeting, recognising that above a certain cut-off<sup>1</sup> point the travel class in to be business.

For example, under the first option, each sponsor could have to pay US\$500 to attend a Council meeting in-person. All remaining travel costs<sup>1</sup> would be met by CFA Institute. Under the second option, it could be established that, for example, all members meet 20% of the actual travel expenses incurred by their representative to attend in-person meetings, with CFA Institute funding the balance.

The next in-person meeting of Country Sponsors is fast approaching (March 2007 in Cape Town, South Africa). It would be good to resolve this issue as soon as possible.

Louis Boulanger

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<sup>1</sup> Travel is to be on Business Class for any flight of duration longer than six hours (or whatever the policy of CFA Institute) and Economy Class for shorter distances.