

**UPDATE REPORT ON
GIPS COUNCIL
as of 27 October 2006**

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Chairman, GIPS Council

Committee Objectives

The objectives of the GIPS Council are as follows:

- a) Ensure that all Country Sponsors' views, issues, concerns, and ideas are provided equal opportunity for discussion and are represented to the EC;
- b) Promote the implementation of the GIPS standards on a global basis – preferably by Country Sponsors adopting the GIPS standards (in English), or an EC-endorsed Translation of the GIPS standards(TG);
- c) Stimulate interest and support for the GIPS standards by communicating the benefits of the GIPS standards and encourage investment management firms to comply;
- d) Support EC in the further development of the GIPS standards by providing meaningful input and seeking suitable nominees to participate in the work of the EC and its subcommittees;
- e) Promote the establishment of an effective and consistent verification service throughout the regions; and
- f) Communicate benefits of the GIPS standards and cooperate with regulators to broaden GIPS standards compliance to cover all aspects of the investment management industry globally.

Membership

Each Country Sponsor will appoint an appropriate representative from their investment community to serve on both the RIPS and GIPS Council who will be responsible for appropriately representing the interests of their constituent body in developing the GIPS

standards initiatives and ensuring that matters are fully discussed at each constituent body well in advance so that the information flow between Country Sponsor, RIPS and GIPS Council is seamless. In addition GIPS Council chairman and the three RIPS chairmen have a seat and a vote.

Review of Status: June – October 2006

Country sponsor agreement status

Currently the GIPS Council consists of 26 country sponsors of which 11 have signed the new Country Sponsor Agreement.

Nominations for standing subcommittees

In August the five standing subcommittees have started their work. From the nominations received, a total of 46 new members have been elected to serve in the subcommittees (Interpretations, Investment managers, Investors/Consultants, Verification/Practitioners, Promotion and Awareness).

Regional distribution:

15 members from the Asia-Pacific region

17 members from the Americas region

18 members from the EMEA region

Please see the update reports of the subcommittees for details about their objectives and work.

GIPS Council Survey on GIPS Governance and Processes, March 2006

17 country sponsors have participated. Summary results:

Part 1 Governance Structure of GIPS

Question 1: Processes must be strictly followed: YES 17; NO: 0

Question 2: Information and Transparency: YES: 16; NO: 1

Part 2 Intellectual Property rights

Question 3: Discuss ownership of GIPS: YES: 16; NO: 1

Question 4: Discuss shared ownership of translations: YES: 15; NO: 2

Question 5: Translation belongs to country sponsor: YES 11; NO: 2; Abst. : 4

Question 6: Copyright for authors of works: YES: 7; NO: 6; Abst.: 4

Part 3: Creation of the GIPS Council Working Group

Question 7: Creation of the GIPS Council Working Group: YES: 16; NO: 1

Question 8: Active Participation in that Group; YES: 12; NO 5

The survey helped to clear the positions prior to the GIPS summit in March 2006 in London and led to the creation of the Intellectual Property working group and the Process Working Group.

Intellectual Property Working Group

The Intellectual Property Working Group has drafted the new Country Sponsor Agreement which is now ready for review by the GIPS Council and approval by the GIPS EC. The working group has drafted a first version of the new Adoption Guidelines (See separate report).

Telephone conference calls

In all three RIPS telephone conference calls have been conducted or are scheduled. (For details please see RIPS update reports)

New country sponsors

All three RIPS are actively contacting new country sponsors (For details please see RIPS update reports).

Next Steps

Operating Policies and Procedures of the GIPS Council and the GIPS RIPS

The EC has finalized the draft versions of the OPPs. Once the GIPS Council has agreed to the OPPs of the GIPS Council and the RIPS the EC will approve them.

Voting procedure of EC: Increase voting requirement to 75 % approval

§ 19 of the EC OPPs currently states: "Approval of any measure requires the affirmative vote of 2/3 (66%) of those constituting a quorum." The EC has agreed to leave the voting requirement as currently stated. The EC will review this item, as part of the periodic review of all the OPPs documents within the next twelve to eighteen months.

GIPS EC Nominations Committee

GIPS Council will nominate one GIPS Council member (which is not an EC member) to serve at the GIPS EC Nominations Committee. Review of draft version of Terms of Reference, Nominations policy and succession planning for EC and all subcommittees and timeline.

Next Meeting

In-person meeting in Cape Town 23 March 2007.