

**TERMS OF REFERENCE FOR
THE GIPS EXECUTIVE COMMITTEE'S
INTERPRETATIONS SUBCOMMITTEE**

Subcommittee Created by EC:
Chair Nominated by Nominations Committee:
Chair Appointed by EC:
Chair Appointed by CFA Board:
Members Appointed by EC: July 2006
TOR Appointed by EC:

1. Purpose

The purpose of the Interpretations Subcommittee is to clarify the Global Investment Performance Standards (GIPS®) through interpretations that effectively respond to issues presented by the global investment industry. The Subcommittee is responsible for ensuring the integrity, consistency and applicability of the GIPS standards.

2. Composition of the Interpretations Subcommittee

The following Interpretations Subcommittee members have been appointed by the EC:

- **Karyn D. Vincent, CFA**
- **Hiroshi Fujibayashi**
- **Lesley A. Harvey**
- **Kwok Ming (Tony) Leung, CFA**
- **Peter Lynn, CFA**
- **Colin Morrison**
- **Diane Robertson**
- **Kenneth P. Robinson, CFA**
- **Dimitri Senik, CFA**
- **Timothy M. Simons, CFA**

3. Considerations

To maintain the integrity of the GIPS standards and to be responsive to the industry's need for interpretation of the Standards, the Subcommittee will concentrate on the following areas:

- Work with and assist CFA Institute staff in creating and maintaining a structure for giving consistent, quality Helpdesk responses;
- Develop guidance to assist with the application of the Standards, to include Guidance Statements and interpretations (Q&A);

Global Investment Performance Standards (GIPS®)

- Maintain communications and gather input from and for the EC and other EC Subcommittees on issues affecting all users of the GIPS standards.

Subcommittee members are appointed as individuals, as experts in their industry, and not as representatives of their employers or other third-parties. Members are expected to contribute to the debate and decision-making of the Subcommittee so as to advance the cause of improving financial market integrity.

4. Confidentiality

Members are expected to keep workings of the Subcommittee confidential, including projects undertaken and positions under consideration until the information is made public or otherwise released by the EC. At a minimum, members must refrain from communicating to any external party any non-public information, including working papers of the Subcommittee, that may be obtained by serving as a member of the Subcommittee without the written permission of the EC.

5. Governance

In addition to these Terms of Reference, the Interpretations Subcommittee is held to the *EC Constitution*.

6. Process

Matters pertaining to interpretations and guidance for the GIPS standards to be reviewed and endorsed by the EC should be discussed by this Subcommittee to give members the opportunity to provide the Subcommittee Chair appropriate/relevant information to ensure that members' views and interests will be reflected at EC meetings.

- The Subcommittee will conduct business by conference call and hold in-person meetings.
- The Chair may call for a vote of its members (in-person, via conference call and/or via e-mail). At each meeting, the Chair shall certify a quorum is present in order to conduct business. Fifty-one percent (51%) of the members must be present in person or by video or audio conference to constitute a quorum. Members are not allowed to vote by proxy.
- Each Subcommittee member is entitled to one vote. Approval of any measure requires the affirmative vote of sixty-six percent (66%) of those constituting a quorum. Any vote by e-mail must result in a unanimous affirmation by all Subcommittee members or the vote is null.
- Minutes of the Subcommittee meetings will be the responsibility of the GIPS Secretariat and will be presented for approval by e-mail vote or at the next succeeding meeting.
- Rotation process of Subcommittee membership will be determined by the EC.
- The Subcommittee will provide an explanatory report to accompany all proposals to the EC, which summarizes the actions taken by the Subcommittee and the

factors and discussions considered in reaching any recommendations or conclusions.

- The Subcommittee will prepare supporting documents to facilitate any Subcommittee proposal to be issued for public comment.
- The Subcommittee Chair may appoint authorized observers to in-person or conference call Subcommittee meetings, including representatives of standard-setting or regulatory authorities. Observers may be invited to attend all meetings, specific meetings, or parts of meetings.
- Observers may participate fully in Subcommittee discussions but are not permitted to vote.
- In the event the Subcommittee Chair cannot attend a meeting, the Chair shall appoint another Subcommittee member to serve in their place.
- If a Subcommittee member is unable to fulfill their term, the Chair will nominate a substitute for the member, who must be approved by the EC. The substitute will assume full responsibility of a member of the Subcommittee until the next rotation cycle of the Subcommittee.
- Members are expected to demonstrate their commitment to the work of the Subcommittee and to be able to allocate sufficient time to attend meetings, familiarize themselves with topics presented to the Subcommittee, and perform any additional tasks agreed upon at meetings. This is essential to the Committee member providing a meaningful and effective contribution to the development and integrity of the GIPS standards for the benefit of both the investment management industry and investors.
- If a member is unable to fulfill the time commitment necessary to ensure an effective and efficiently functioning Subcommittee, including attending meetings of the Subcommittee, the Chair may request that the EC remove the member from the Subcommittee.