

**MINUTES**  
**GIPS EXECUTIVE COMMITTEE**  
**Langham Hotel**  
**London, UK**

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**DATE:**       **Friday, 24 March 2006**

**TIME:**       **09:00 – 13:00**

**ATTENDEES:**       Jeannie Anderson – Associate General Counsel, CFA Institute  
                          Louis Boulanger –Asia-Pacific RIPS Chair  
                          Raymond J. DeAngelo – Managing Director, CFA Institute  
                          Stefan Illmer –EMEA RIPS Chair  
                          L. Todd Juillerat –Americas RIPS Chair  
                          Carol Anne Kennedy –Investors/Consultants Seat  
                          Yoh Kuwabara –Verifier/Practitioner Seat  
                          Sunette Mulder –Investment Manager Seat  
                          Karyn Vincent - Interpretations Seat  
                          Hans-Jörg von Euw –GIPS Council Chair

**ATTENDEES BY ☎:**   Cindy Kent, Senior Policy Analyst, CFA Institute

**MEETING SECRETARY:**   Alexandra Fergusson, CFA Institute

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**Decision Points**

- The current package of GIPS standards and guidance was accepted unanimously as the starting point for the new GIPS Organization. It was agreed to send the whole package to the Country Sponsors. **(Action Item)**
- Group e-mail lists should be created. **(Action Item)**
- A GIPS intranet page should be created. **(Action Item)**
- Chairmen of each subcommittee would be responsible for the subcommittee membership.
- Existing Subcommittees are to keep working until renamed, reconstituted, and new operating documents are prepared. After which existing subcommittees would be dissolved and members not carried over would be duly thanked for their work.
- A Process Working Group should be formed to cover: **(Action Item)**
  - ◆ Reviewing processes and drafting of documents
  - ◆ Feedback and public comment process/finalization
  - ◆ Country Sponsor endorsement and evaluation
  - ◆ Criteria for existing and new Country Sponsors
  - ◆ Roles of EC Director / EC Chair, and their voting rights
- The Stakeholder Education Working Group was given the status of a standing subcommittee.
- Future Meeting Dates were posted:
  - ◆ 2006
    - Council and Executive Committee In-Person Meeting – 29 and 30 June, Europe (TBC) *\*post meeting change: tentatively scheduled for 22 and 23 June 2006*
    - Executive Committee Conference Call – 20 September
    - Executive Committee In-Person Meeting – 1 December, Charlottesville, Virginia USA

- ◆ 2007
  - Council and Executive Committee In-Person Meeting – 22 and 23 March, Cape Town, South Africa
  - Council and Executive Committee In-Person Meeting – 20 and 21 September, Asia (TBC)

### **Action Items**

- Hans-Jörg von Euw to prepare a letter on behalf of the GIPS Executive Committee (for EC approval) to the SAAJ requesting their acknowledgement of the current package of the GIPS standards and guidance. [Deadline: 27 March 2006]
- GIPS Secretariat at CFA Institute in Charlottesville to prepare a map of all existing subcommittees to indicate which will continue to function in the new structure. Karyn Vincent volunteered to assist the Secretariat with this task. [Deadline: 23 May 2006]
- GIPS Secretariat to provide an update on subcommittee projects and forward it to the EC. [Deadline: 23 May 2006]
- Yoh Kuwabara volunteered to serve as chairman of the Process Working Group which was unanimously approved. He will draft a communication to Country Sponsors soliciting volunteers to serve on the working group. [Deadline: 7 April 2006]
- Jeannie Anderson will draft Country Sponsor Agreement (CSA) proposals including the use of the trademark and English versions, translations and ownership guidance. [Deadline: 18 April 2006]
- EC to review CSA for three countries with signed and returned agreements by e-mail (i.e., Hong Kong, Spain, and South Africa). [Deadline: 20 April 2006]
- GIPS EC to review and approve CSA for the APAFS by e-mail with the other three countries, mentioned above. [Deadline: 20 April 2006]
- EC to approve last IPC Minutes of Meeting. [Deadline: 11 May 2006]
- EC to dissolve IPC and CSSC and other subcommittees no longer in use. Louis Boulanger suggested that the Executive Committee send such a letter to the Chairmen of all subcommittees for forwarding on to their own subcommittee members, and he volunteered to do this on the behalf of the EC. [Deadline: TBD]
- Group e-mail lists should be created. [Deadline: 30 March 2006]
- A GIPS intranet page should be created. [Deadline: TBD]
- Ray DeAngelo said that he would initiate discussions with the Managing Directors of the London and Hong Kong offices to see if staff support could be provided from them. [Deadline: TBD]

### **Pending Issues**

- Review endorsement process for the revised CSA for those countries that have signed and returned agreements.
- EC to review the creation of an errata process at their next meeting.
- The Nominations Committee's operational documents are to be circulated and reviewed by the EC prior to their next meeting.
- Todd Juillerat volunteered to lead coordination of nominations and reformation of subcommittee membership with Chairpersons of Standing Subcommittees and EC Director.
- Review creating a section in the GIPS standards dedicated to hedge funds.
- Create the Road Map for GIPS 2010.

1. **Welcome & Introductions**

Following the GIPS Summit, it is now felt that the process could move forward and this would be the first official meeting of the Executive Committee (EC). The meeting had to be held as an Executive, or Closed, Session due to the fact that there had not been any opportunity to inform the public in advance that this could and would now be an official meeting rather than simply an orientation meeting as initially intended. All present were in agreement with this.

2. **Summary and Reactions to GIPS Summit Discussions**

The reactions from around the table were very positive. It was felt that communication was a key issue and that there should be more in-person meetings as this would avoid the misinterpretations that could occur with e-mail correspondence. All were glad that this was the first official meeting of the EC as the project could now move forward. There was felt a need to involve and engage Country Sponsors in the work that was being done.

Stefan Illmer stated the importance of a structured and channeled communication process preferable to be lead by the EC especially if “critical or important” topics are discussed. He reminded EC members this topic was mentioned by the German Country Sponsor at the GIPS Summit

3. **Overview of GIPS Executive Committee**

The responsibility of being a member of the EC as the decision-making authority for the GIPS standards was emphasized as there was a commitment to developing the best interests of the GIPS standards and moving them forward. New or revised Standards would be developed to take into account global needs. The importance of working constructively with the GIPS Secretariat was made clear.

Responsibilities of the EC:

- Develop and establish processes to administer the GIPS standards
- Propose new Standards and determine public comment periods
- Endorsement of new Country Sponsors and on-going evaluation of existing Country Sponsors
- Endorsement of Translations of the GIPS standards
- Provide annual report to stakeholders and develop communication lines

In order to facilitate the work of the EC, CFA Institute will provide the administrative support and the funding to travel to these meetings. It was asked whether staff in the London and Hong Kong offices of the CFA Centre for Financial Market Integrity could also support the EC members. The need for working closely with the GIPS Secretariat was emphasized, but members of the Committee felt that it was important for a separate GIPS letterhead to be used by CFA Institute when sending out communications as GIPS Secretariat, in order to clearly identify and separate the work done by CFA Institute and the GIPS Organization (Executive Committee, Council and RIPS).

In discussion, the need for better communication was a major concern. It was felt that group e-mail lists for the EC, GIPS Council and RIPS should be created which would then be accurately maintained. This would be done as soon as possible and would be circulated to the group for information. Communication would flow through the Secretariat in order to ensure that information was being sent to the correct recipients. It was felt that a GIPS intranet page should be created so that documents not for the public domain could be posted there.

**Chair:** In discussions at the Summit the previous day the idea of a rolling Chairmanship was also put forward. A Process Working Group will be formed in order to discuss this matter but part of the responsibilities of the Chair will be setting agendas and conducting meetings, recognizing speakers at the meetings and reviewing any minutes produced. In essence, the role of Chair may be facilitation and not a “power” function, but whoever has this position should have the confidence of the EC.

There was also mention of whether CFA Institute should have a voting seat on the EC but it was felt that this discussion should be kept separate from that of the Chair.

4. **Inaugural Meeting Topics**

**GIPS Standards and Guidance:** Ray DeAngelo asked for a final decision regarding the current package of GIPS standards and guidance. A unanimous vote was in favor of accepting this. A complete set of the Standards and guidance would be sent out to Country Sponsors and if there were to be any changes to the document, these should be done under a well-defined process.

Yoh Kuwabara said given the discussion between Jeff Diermeier and the SAAJ on whether there was an appropriate process, he was happy to accept the documents, but thought it necessary to call for a vote of confidence from Country Sponsors that they are happy with the Wrap Fee/SMA Guidance Statement. Stefan Illmer said the EC should go back to Japan and see if they wanted to have anything changed which would be appropriate for their country.

The issue of going back to the SAAJ was raised again as a couple of participants felt that even though everything had been agreed, it would be a matter of professional courtesy to go back to them for final acknowledgement. However it was very important not to mislead them and any communication would have to clarify this. Hans-Jörg von Euw was asked to take the lead on this as the problem first arose in the GIPS Council. Hans-Jörg von Euw said that he would be happy to do so and will draft letter on behalf of the EC to the SAAJ (but first circulated to the Committee for approval).

In discussion, it appeared that part of the SAAJ’s concerns was that the minutes of the IPC conference call last June had still not yet been distributed and agreed and felt that there had been a lack of transparency. It was also felt that the Wrap Fee/SMA Guidance Statement read more like provisions than a guidance statement and queries were raised about the numbering. One suggestion was that although the documents had been approved, they should be sent to the SAAJ as a matter of courtesy to show that the topic had been addressed.

Ray DeAngelo asked Cindy Kent to find out the status of the IPC minutes. They would have to be worked on with the office of the General Counsel in Charlottesville in order to find out the appropriate protocol and would then ask the EC for approval.

**Country Sponsor Agreements for approval by EC:** There are three countries who have signed the CSA but still need to be approved: Hong Kong, Spain and South Africa. After discussion, it was suggested that this could be done by e-mail, a suggestion which was agreed by all around the table.

The next step will be to endorse the CSA for those countries that had signed and returned their copies. However, there will now be a revised CSA which will have to be with the countries who had already signed their agreements. It was confirmed that the new agreement would not take away anything from the old agreement, but would still need to be signed by everyone.

**New Country Sponsor Agreement Process:** Louis Boulanger reported that the Asia-Pacific Association for Fiduciary Studies (APAFS) has submitted their application as a potential Country Sponsor. As they had followed due process for the application, Louis Boulanger wanted to know if they should be deferred or endorsed. He felt that they would be a good Country Sponsor and wanted to endorse their application. Hans-Jörg von Euw suggested that this should be done by an e-mail vote with the other three applications. This was agreed by the meeting.

**Formation of Subcommittees:** Prior to the formation of the new subcommittees, it was discussed that the old committees (IPC and their subcommittees) should formally be closed. This would allow for work to start from scratch, although the members have not yet been decided upon.

It was pointed out that there should be a smooth transition between the existing subcommittees to the new subcommittees and that no gaps in transition should occur. Existing subcommittees of the IPC should be made into subcommittees of the EC. The Chairmen of each subcommittee would be responsible for the membership. Again, there was a need for appropriate process for this. It was acknowledged that those individuals who are currently on subcommittees would still like to feel involved. Cindy Kent said that a communication has been sent to those individuals that volunteered to serve on the EC advising them of the election and nominations results. The letter thanked them for their interest in serving on the EC and encouraged their continued participation by stating their name would be provided to the EC subcommittee Chairs for consideration in creating the new EC subcommittees. Louis Boulanger asked to see a copy of this.

The Secretariat is in the process of compiling a list of names of industry experts and volunteers which would provide a starting point for membership of the new subcommittees.

It was decided that a map of all existing subcommittees should be drawn up by the GIPS Secretariat which would indicate which would continue. Karyn Vincent volunteered to assist with this so that it was a joint CFA Institute/GIPS EC exercise. Once the map was completed, it would be circulated to the rest of the EC. It would be a task of the Process Working Group to define the structure of the various technical working groups.

In the work of the EC, the errata process was also mentioned. The GIPS standards do contain some minor errors and there should be a formal way for the EC to deal with them. Previously, the CSSC had worked closely with CFA Institute staff on the creation of the errata process so it would be appropriate for the EC to assume responsibility for this going forward. This should be on the agenda for the next meeting.

The Nominations Committee had been established and the terms of reference and guidelines have been drafted for approval from the EC. These will be circulated prior to the next meeting in order for members to have time to review them.

Following a query, it was agreed that existing subcommittees would keep working until their names were changed. They would then be reconstituted and appropriate documents would be prepared for the subcommittees which would be discontinued and thanked for their work. It was also important to send communication to a wider constituency that the work of the GIPS standards was back on track. It was important that this was done as soon as possible as people were waiting for feedback. Louis Boulanger suggested that the EC send such a letter to the Chairmen of all subcommittees for forwarding on to their own subcommittee members, and he volunteered to do this on the behalf of the EC.

Following a query from Sunette Mulder, the Secretariat would provide a status list of the current subcommittees, what they had been working on and at which stage they were. This would be circulated to the EC.

With regard to communication between the subcommittees and the EC, the EC members were asked to consider that each of the subcommittees should appear at Executive Committee meetings to give their updates. It was also suggested that the Chairmen of each subcommittee should have a specific contact person with the EC.

### **Working Groups and Subcommittees**

As temporary bodies, all working groups will report to the EC or Council. The Process Working Group will report to EC, Intellectual Property Working Group will report to GIPS Council and CGIPS Working group is out of scope. CFA Institute was asked to draft terms of reference.

**A. Process Working Group:** It was agreed that a Progress Working Group should be formed. There was a discussion on what it should and should not cover.

Would not cover:

- ◆ Content of the GIPS standards or guidance
- ◆ 2010 version of the GIPS standards content

Would cover:

- ◆ Development of processes and drafting of documents
- ◆ Feedback and public comment process/finalisation
- ◆ Country Sponsor endorsement and evaluation
- ◆ Criteria for existing and new Country Sponsors
- ◆ EC Structure (i.e., Chair and Director vote)

Yoh Kuwabara volunteered to be the Chair of this working group and all present agreed with this. After discussion on participation in the group, it was decided Yoh Kuwabara would draft an invitation letter and send it to the EC for review. The point was raised that there should be a balance of membership and a certain number of nominees per region (perhaps 2-3).

**B. Intellectual Property Working Group:** This working group will be established under the GIPS Council.

There was further debate on who should be the Chair of the Intellectual Property working group. Jeannie Anderson will draft proposals with regard to the Country Sponsor Agreement and ownership of the GIPS trademark and the English version of the GIPS standards. Jeannie Anderson's draft will be sent with an invitation to join this working group. Hans-Jörg von Euw said that he would assist with the formation of this group but not in the workings of the group itself.

**C. CGIPS Working Group:** It was confirmed that the CGIPS working group will be set up outside of the GIPS Organization, bilateral by interested Country Sponsors and the CFA Institute.

**D. Stakeholder Education Working Group:** The status of the current Stakeholder Education Working Group was mentioned. After discussion it was agreed by the EC members that this should now have the status of a standing subcommittee of the EC.

#### **Operation Policies and Procedures**

Ray DeAngelo said that the Constitution of the Executive Committee was an approved document but the Operating Policies and Procedures documents were still out for comment, the deadline for which was the end of April. Any feedback received by then would be dealt with.

#### **5. Future EC Meetings**

The question of who should attend the meetings was raised, i.e., should they be made open to the public?

Todd Juillerat said that people who wanted to attend the Council or the EC meetings should submit their names 21 days before the event. Closed sessions will be closed to the public. The EC needs to be seen as open and transparent, but there is an awareness of certain sensitivities and the need to conduct closed sessions as necessary.

Louis Boulanger said that most of the meetings should be open to the public but also have a private closed session from time to time. There may need to be a pre-meeting before the public meeting.

There was further debate as to order of the RIPS, Council, and EC meetings. Other permutations of this were also suggested including the suggestion to perhaps change the GIPS Council meeting structure. Certain topics, such as the review of Country Sponsor applications, should not be discussed in public.

However, in terms of preparation, the EC closed session should be held before the Council meeting, which would then be an open session. It was proposed that this order should be tried first of all, with the order as follows:

- Thursday morning: EC closed session
- Thursday afternoon: RIPS meetings
- Thursday evening: Reception
- Friday morning: GIPS Council meeting
- Friday afternoon: EC open meeting

**Future Meeting Dates:** Future meetings would consist of in-person attendance and conference calls. The following dates were agreed:

#### 2006

Council and Executive Committee In-Person Meeting – 29<sup>th</sup>/30<sup>th</sup> June, Europe (TBC)

*\*post meeting change: tentatively scheduled for 22 and 23 June 2006*

Executive Committee Conference Call – 20<sup>th</sup> September

Executive Committee In-Person Meeting – 1<sup>st</sup> December, Charlottesville

#### 2007

Council and Executive Committee In-Person Meeting – 22<sup>nd</sup>/23<sup>rd</sup> March, Cape Town

Council and Executive Committee In Person Meeting, 20<sup>th</sup>/21<sup>st</sup> September in Asia (TBC)

**Secretariat Resources:** Ray DeAngelo wanted to know if people thought there was sufficient support for the EC from the Secretariat in Charlottesville. Stefan Illmer felt that additional resources would be helpful and also recommended not coordinating everything from Charlottesville, but also enlisting the help of the London and Hong Kong offices. He felt that the RIPS Chairs should have a dedicated person in each office for support, especially when local meetings were being held. It would also be of assistance if there was a dedicated person to deal with specific committees.

Ray DeAngelo stated that other professional standard setting organizations utilize an arrangement that shares staff from the various organizations that are part of the standard setter to contribute to the work of the secretariat.

Another possibility raised by Louis Boulanger was whether or not a Country Sponsor, such as the SAAJ, should provide the Secretariat for a particular region (e.g., Asia-Pacific). However, whether or not this would be appropriate should be discussed.

Ray DeAngelo said that he would initiate discussions with the Managing Directors of the London and Hong Kong offices to see if staff support could be provided from them.

6. **Other Business**

Carol Kennedy mentioned that she had heard Global Investment Performance Standards mentioned on BBC Radio 4 that morning in the context of hedge funds. It was proposed that there should be a section within the GIPS standards which are dedicated to this topic.

She also said that in public, GIPS standards should be referred to as “Global Investment Performance Standards” otherwise people would not know what the GIPS standards referred.

7. **Adjourn**

Ray DeAngelo thanked those present for attending the meeting. The Summit the previous day had a very good outcome and all were delighted that the GIPS enterprise was back on track.