

Global Investment
Performance Standards (GIPS®) _____

**Minutes of the GIPS EXECUTIVE COMMITTEE
Open Session**

Date: Wednesday, 20 September 2006
Location: Conference Call
Time: 8 a.m. – 11 a.m. (Eastern Time)

Members Present:

Louis Boulanger – Asia-Pacific RIPS Chair
Ray DeAngelo – Acting Meeting Chair
Stefan Illmer – EMEA RIPS Chair
Todd Juillerat – Americas RIPS Chair
Carol Kennedy – Investor/Consultants Chair
Yoh Kuwabara – Verification/Practitioner Chair
Alecia Licata – EC Director
Sunette Mulder – Investment Manager Chair
Karyn Vincent – Interpretations Chair
Hans-Jörg von Euw – GIPS Council Chair

Observers Present: Jeannie Anderson – Associate General Council, CFA Institute

Carl Bacon – Consultant
Arnaud Dumarcet – France
Kazumichi Karita – Japan
Grish S. Kashyap – United States
Angela Keane – Australia
Christina H. Lim – United States
Pat McKeithan – General Counsel, CFA Institute
Naoko Mori – Japan
Eric Pagniez – France
Trevor Persaud – United Kingdom
Andreas Sauer – Germany
Dimitri Senik – Switzerland
Mark van Eijk – The Netherlands

GIPS Secretariat:

Jessika Bohon – GIPS Helpdesk Representative, CFA Centre for
Financial Market Integrity
Polly Johnson – Administrative Assistant, CFA Centre for
Financial Market Integrity
Cindy Kent – GIPS Development Specialist, CFA Centre for
Financial Market Integrity
Carol Lindsey – GIPS Administration Specialist, CFA Centre for
Financial Market Integrity

Action Items

1. GIPS Secretariat to edit minutes from Rome EC open session minutes as proposed by Mr. Kuwabara (change “supernational” to “supranational”).
2. GIPS Secretariat to review website and correct any faulty links on the pages that provide guidance for investors.
3. GIPS Secretariat to develop a general disclaimer statement to include on each RIPS Working Group paper and the website where these documents will be housed. The Secretariat will present a proposal to the EC for consideration.
4. The GIPS Secretariat is to post the RIPS EMEA Working Paper on client reporting to the GIPS website; after the disclaimer language for RIPS Working Papers is developed (see item #3 above).
5. After the disclaimer language for RIPS Working Papers is developed, the GIPS Secretariat is to circulate a web link to the RIPS EMEA Working Paper on client reporting to the Interpretations, Investment Management, and Investor/Consultant subcommittees and to all Country Sponsors as an FYI. (see item #3 above).
6. Ms. Anderson to report to the Intellectual Property Working Group (IPWG) that the EC recommends they not address the issue of compensation in the Country Sponsor Agreement (CSA).
7. Ms. Anderson to report to the IPWG that the EC recommends the CSA encourage (but not require) the transfer of ownership of translated materials to a new country sponsor.
8. Ms. Anderson and Mr. Kuwabara to report to the IPWG and the Process Working Group (PWG) that the EC recommends they approach the issue of termination

- from the perspective of a Country Sponsor review process, and not from a termination process.
9. GIPS Secretariat to put the issue of both EC and Subcommittee nominations and rotation on the December EC agenda. Mr. von Euw will work with the Secretariat to develop a discussion document for consideration.
 10. GIPS Secretariat to delete the Action Item from the Rome Meeting on creating a Q&A on the body of knowledge of the GIPS standards. EC determined it is not needed, given that GIPS provision 0.A.15 clearly states the scope of documents that firms must consider. Additionally, the Working Paper disclaimer will clarify the scope of those documents.
 11. Communications Task Force to develop list of GIPS standards terms and give those to the Interpretations Subcommittee to define. Once the list is complete, the EC will determine how to use the list.
 12. Ms. Anderson and Mr. Kuwabara to work with the IPWG and the PWG to develop input on the Country Sponsor Adoption Guidelines and Process in preparation for the in-person meetings in March 2007. Input will be given to the GIPS Secretariat, who will incorporate all the comments for the EC's review in March 2007. The input must be received by the Secretariat at the beginning of February in order to incorporate the comments.
 13. GIPS Secretariat to arrange a conference call between Mr. Boulanger, Ms. Vincent and the Secretariat to discuss the future project of the 2010 revisions to the GIPS standards and the role of each in that process.
 14. GIPS Secretariat to inform Hong Kong Country Sponsor that they can proceed with translating the GIPS standards into Chinese for endorsement by the EC.
 15. GIPS Secretariat to update the GIPS standards on the website and ERRATA sheet to add fee schedule disclosure to the Private Equity sample presentation in Example 4. The Interpretations Subcommittee will develop a Q&A on the point.
 16. EC members that have not yet submitted (or wish to change) their vote on the Performance Examination Guidance Statement are to send an e-mail to the GIPS Secretariat as soon as possible.
 17. GIPS Secretariat to update the matrix of EC Action Items and re-circulate to EC members.

Decision Points

- Develop a general disclaimer statement to include on each RIPS Working Paper and the website where these documents will be housed. The Working Paper will

then be circulated to the appropriate GIPS EC Subcommittee and all Country Sponsors for further review and possible global development. **(Action Item)**

- EC decided it will not approve Regional Working Papers but would agree to post them for investor education purposes on the GIPS website with a general disclaimer statement. **(Action Item)**
- EC recommends not addressing the issue of compensation in the Country Sponsor Agreement (CSA). **(Action Item)**
- EC recommends not to restrict use of the GIPS standards by a terminating Country Sponsor only to prohibit recognition/promotion as a GIPS Country Sponsor.
- EC recommends the CSA encourage (but not require) the transfer of ownership of translated materials to a new Country Sponsor. **(Action Item)**
- EC decided to begin EC rotation process on 1 September 2008.
- EC approved the Hong Kong Country Sponsor proceeding with translating the GIPS standards into Chinese for endorsement by the EC. **(Action Item)**
- EC approved the EC Subcommittee Purpose Memo as presented.
- EC decided to update the GIPS standards on the website and ERRATA sheet to add fee schedule disclosure to the Private Equity sample presentation in Example 4. **(Action Item)**
- The GIPS Executive Committee formally thanked Ms. Licata for all her work and contributions to the GIPS standards over the years.

Meeting Notes

Mr. DeAngelo opened the meeting with a brief overview on the initial Subcommittees conference calls that have been held. He mentioned that with the changes in the governance structure of the GIPS Organization there is a huge responsibility on the Executive Committee to move forward. He noted that the CFA Institute Board is still very interested in the GIPS standards continued development.

1. Approve EC Minutes of 22 and 23 June 2006

The Minutes of 23 June 2006 were approved, with one abstention, by the EC Director, as amended changing the word supernational to supranational.

2. Approve RIPS Working Paper Disclaimer Language

Mr. Illmer presented the following proposed RIPS Working Paper Disclaimer Language:

"EMEA RIPS does not currently view this recommendation as a part of the Global Investment Performance Standards (GIPS) compliance framework for the following reasons:

- * The GIPS standards regulate presentation of investment performance, while the client reporting may also include other additional information.
- * The GIPS standards deal with performance presentation for prospective clients rather than for existing clients.
- * The GIPS compliance deals with performance reporting on the composite level rather than with reporting for individual portfolios.
- * Some GIPS provisions may inherently not be applicable for individual client reporting, e.g. return calculation methods.

However, the recommendation admits that information produced within the GIPS compliant reporting may be one of the sources for client investment reporting. Clients are advised to duly inform themselves on the contents and the main provisions of the GIPS standards."

Members discussed the disclaimer is specific to the working paper being presented at this meeting for approval on client reporting rather than a general statement to be issued with all former and future working papers. The group decided to ask the GIPS Secretariat to draft a general disclaimer statement to be placed on all RIPS Working Papers and on the website where they will be posted after the EC's review and approval.

3. Approve EMEA RIPS Working Paper for Recipients of Investment Reporting

Mr. Illmer asked the EC to approve the EMEA RIPS Working Paper for Recipients of Investment Reporting as a valid paper for the industry and as a recommendation, but not as guidance for the education of investors. He also requested that the Working Paper be placed on the GIPS website for wider distribution purposes.

The EC members discussed the implications of approving regional working papers and the importance of following a process when approving documents. The

document has been reviewed by EMEA RIPS Country Sponsors, but not all GIPS Country Sponsors. It was mentioned that this is an important issue in Europe where there is a gap between regulatory guidance and industry practices. This Working Paper would help bring this issue forward and increase awareness of regulators.

The EC decided it will not approve Regional Working Papers but agreed to post them for investor education purposes on the GIPS website with a general disclaimer statement.

A motion was made, seconded and approved with one abstention, by the EC Director, that:

RIPS Working Papers would be placed on a specific area of the website, duly edited, with a general disclaimer statement and circulated to appropriate GIPS EC Subcommittees, as well as, to individual Country Sponsors for their further review.

A motion was made, seconded and approved with one abstention, by the EC Director, that:

The GIPS Secretariat will develop uniform disclaimer language for RIPS Working Papers and any current documents on the website already and submit to the EC for approval.

4. Discuss Draft Country Sponsor Agreement

Ms. Anderson reviewed the draft of the *GIPS Standards Country Sponsor Agreement* with the EC Members. She outlined the two sections that the Intellectual Property Working Group (IPWG) would like guidance from the EC:

- Compensation for translated materials upon Country Sponsor termination
- Transfer of translated materials upon Country Sponsor termination

Motion was made, seconded, and approved with one abstention, by the EC Director, that:

The EC's guidance to the IPWG is to not include compensation language in the Country Sponsor Agreement; allowing parties to negotiate compensation if they deem it appropriate.

The EC members also agreed the CSA should not terminate all use of the GIPS standards by a departing Country Sponsor. However, they will be prohibited from holding themselves out as a GIPS Country Sponsor. The EC suggests the IPWG refine the language of the Agreement to reflect keeping the Standards available and transparent and to continue to share information openly and freely.

It was mentioned that there should be a definition of the GIPS Organization. Defined terms need to be drafted that allow the EC to terminate a Country Sponsor. It was discussed that the rationale behind requiring a six month termination notice from Country Sponsors is to wind up the relationship and allow time to find a new appropriate Country Sponsor.

The group discussed transferring translated materials to new Country Sponsors. One concern is that if a new Country Sponsor creates an alternative translation it would cause an unnecessary burden on investors and firms trying to comply with the GIPS standards in that country.

A motion was made, seconded and approved with one abstention, by the EC Director, that:

The EC guidance to the Intellectual Property Working Group is to encourage but not require departing Country Sponsors to transfer translated material to a new Country Sponsor.

5. Discuss Country Sponsor Endorsement Criteria for Process Working Group Consideration

Mr. von Euw reviewed the termination language contained in the document. The EC members discussed: (i) the frequency of evaluating Country Sponsors; (ii) the placing of responsibility on the RIPS and GIPS Council Chair to review Country Sponsor activities; and, (iii) their recommendation that specific criteria should not be defined. The RIPS Chairs are in the best position to evaluate Country Sponsors due to their close working relationship.

The Country Sponsor Criteria document is currently being developed by the Process Working Group and will be forwarded to the Intellectual Property Working Group for review and then to the EC Group for discussion and approval.

6. Discuss EC Nominations Process and Next Steps

The EC members discussed the proposed EC Nominations timeline document and decided to begin the EC rotation as of 1 September 2008 to allow time for the Nominations Subcommittee to develop a succession plan. It was also decided to add this as an agenda item for the December 2006 EC meeting.

7. Discuss Action Items Requiring EC Input

Ms. Licata outlined the six outstanding EC Action Items requiring additional input from the members.

1. The GIPS Secretariat will create a Q&A concerning content of the GIPS standards body of knowledge (#18 from Ongoing List of Action Items Matrix distributed 10 August 2006).

It was decided to delete Action Item #18 on creating a Q&A on the body of knowledge of the GIPS standards. The EC determined it is not needed given that GIPS provision 0.A.15 clearly states the scope of documents that firms must consider.

2. The GIPS Secretariat will post Q&As from the proposed Leverage and Derivatives Guidance Statement on the website (#27 from Matrix).

It was decided to refer this item to the Interpretations Subcommittee.

3. Ms. Vincent will develop Q&As on GIPS publication terminology (i.e., Working Papers, interpretations, guidance, etc.) (#28 from Matrix).
4. The Communications Task Force will develop a glossary of terms to define key terms (i.e., Working Papers, Provisions, Guidance, etc.) [see #28 above] (#29 from Matrix)

It was decided that the Communications Task Force will develop a list of GIPS standards terms and submit those to the Interpretations Subcommittee for definition. Once the list is complete, the EC will determine how to use the list. See Action Items #26 and 27 above.

5. The GIPS Council Chair, along with the RIPS Chairs will address issues and draft a proposal on the Criteria for Evaluating Country Sponsors. This will be discussed at the next EC meeting in September. (#32 from Matrix).

It was decided that Jeannie Anderson and Yoh Kuwabara should work with the IPWG and the PWG to develop input on the Country Sponsor Adoption Guidelines and Process in preparation for the in-person meetings in March 2007. Input will be given to the GIPS Secretariat, who will incorporate all the comments for the EC's review in March 2007. Due to the posting deadline for materials, the input must be received by the Secretariat at the beginning of February in order to incorporate the comments.

6. Mr. von Euw and Ms. Vincent will work on the details of the timeline for GIPS 2010 and forward it to the EC (#50 from Matrix).

It was decided to have the GIPS Secretariat arrange a conference call between Mr. Boulanger, Ms. Vincent and the Secretariat to discuss the future project of the 2010 revisions to the GIPS standards and the role of each in that process.

8. Discuss Chinese Translation of the GIPS Standards

After a discussion by the EC regarding a request to translate the GIPS standards into simplified Chinese, it was decided the GIPS Secretariat should ask the Hong Kong Country Sponsor to proceed with translating the GIPS standards into simplified Chinese for ultimate endorsement by the EC.

9. Approve EC Subcommittee Purpose Memo

The EC members reviewed the EC Subcommittee Purpose Memo. It was noted that in the Promotion and Awareness Subcommittee section there is no guidance on how the chair of that subcommittee will be nominated.

A motion was made, seconded and approved with one abstention, by the EC Director, that:

The EC Subcommittee Purpose Memo was approved by the GIPS Executive Committee as presented.

10. Update on Three Remaining Guidance Statements In Process

The Group reviewed the update on the remaining guidance statements in process. They noted that it is anticipated that Portfolio Recordkeeping and Error Correction should be in final draft form for EC approval at the March 2007 meeting. Ms. Vincent explained that the Leverage and Derivatives Guidance Statement is being totally re-evaluated and may need to be circulated for public comment again if there are substantial changes.

11. Updates Working Groups/Task Forces/Subcommittees/Council

Ms. Kennedy gave a brief overview of the initial Investor/Consultant Subcommittee conference call held on 18 September. She reported that there is significant interest to promote the GIPS standards for the purposes of internal reporting to existing clients.

12. Update on GIPS Handbook Errors

Ms. Lindsey reported that an omission was discovered on the fee schedule disclosure to the Private Equity sample presentation in Example 4 in the GIPS Handbook.

It was decided to have the GIPS Secretariat revise the GIPS standards on the website and update the ERRATA sheet to add fee schedule disclosure to the Private Equity sample presentation in Example 4. The Interpretations Subcommittee will develop a Q&A on the point.

13. Update on GIPS Secretariat Staff Assignments to Committees

Ms. Licata presented the GIPS Secretariat Staff Assignments to Committees document to the EC members. She reported that Aimee Record is no longer with CFA Institute and Ms. Johnson will briefly be filling in until a new staff member is hired.

14. Update on GIPS Country Sponsor Status

Ms. Licata shared with the EC that the Spanish Country Sponsor has not had a chance to meet to review the EC's comments on their TG. Their Board is scheduled to meet on 9 October 2006.

15. Other Business

There was discussion among the EC members regarding the degree and method by which EC members' comments on the Performance Examination Guidance Statement and other documents should be acknowledged and handled. EC members that have not yet submitted (or wish to change) their vote on the Performance Examination Guidance Statement are to send an e-mail to the GIPS Secretariat as soon as possible.

Ms. Licata mentioned that an update the matrix of Action Items will be re-circulated to EC members.

16. Next Meetings

Mr. DeAngelo mentioned the EC members will conduct a pre-meeting of the GIPS Executive Committee on 30 November 2006 in Charlottesville. He mentioned that EC Members should plan to arrive on the evening of 29 November. The open EC meeting will be held on 1 December 2006.

17. Questions from Observers

Mr. Karita thanked Mr. Boulanger for all his work in the Asia Pacific region and especially his work on the Chinese translation. He recommended taking cautious steps into China and stated that the SAAJ would be happy to serve as an intermediary with China. Mr. Karita requested that Mr. Lee contact the SAAJ for assistance. He also mentioned the ASAF Conference will be held in Seoul, Korea on 8 November, and the Chinese translation will be discussed.

Ms. Keane inquired when the Country Sponsor Agreement would be finalized. She was informed that the final draft is being prepared for EC approval at the March 2007 meeting in Cape Town, South Africa.

Ms. Mori inquired about the status of the Operating Policies and Procedures (OPPs) documents. She was informed that at the Rome meeting held June 2006, all parties agreed to incorporate all comments and distribute the OPPs to the EC for approval for final comments before submitting them to the Country Sponsors for final review and comment. The GIPS Secretariat is waiting for comments from several EC members. The Country Sponsors will need to submit comments no later than 31 October to meet the EC imposed deadline for these documents to be placed on the EC December agenda.

Mr. DeAngelo reported to the EC Members that this call is Ms. Licata's final EC meeting as she has decided to leave CFA Institute and pursue other opportunities.

A motion made, seconded and unanimously approved that:

The GIPS Executive Committee formally thanked Ms. Licata for all her work over the years.

Ms. Licata thanked the EC, subcommittees, all the volunteers over the years.

A motion made, seconded and unanimously approved to:

Adjourn the call at 11:15 a.m.