



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

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**Date:** Wednesday 16 September 2009

**Location:** In-Person Meeting - Singapore

**Time:** 8:00 a.m. – 5:00 p.m.

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**Members Present:** Carl R. Bacon, CIPM – EC Chair Elect and Verification/Practitioner Chair  
Jonathan Boersma, CFA – GIPS Executive Director  
Stefan Illmer – EC Chair and EMEA RIPS Chair  
Todd Juillerat, CFA – Americas RIPS Chair  
Colin Morrison – Investor/Consultant Chair  
Sunette Mulder – Investment Manager Chair  
Neil E. Riddles, CFA, CIPM – GIPS Council Chair  
Trevor Persaud – Asia Pacific RIPS Chair  
Karyn Vincent, CFA, CIPM – Interpretations Chair

**CFA Institute Staff:** Fannie Fang, CFA, CIPM – Director, Global Investment Performance Standards  
Beth Kaiser, CFA, CIPM – Director, Global Investment Performance Standards  
Cindy Kent – Director, Global Investment Performance Standards  
Ken Robinson, CFA, CIPM – Director, Global Investment Performance Standards

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**Action Items**

- EC members requested that CFA Institute staff draft a letter from the Chair of the GIPS EC to The Netherlands Country Sponsor regarding the status of completing their GIPS translation for endorsement by the EC.
- The Introduction to Appendix D will be re-written for the EC to review at a later date.
- EC members will request the United States and Italy Country Sponsor be consulted regarding the GIPS 2010 Exposure Draft proposal to remove Taxation Issues provisions from the 2010 GIPS standards.

**Decision Points**

- The Minutes of the EC closed session on 19 August 2009 were approved as presented. (9 Votes)
- EC members recommended that a disclaimer will be placed on the AIMR-PPS Q&A Database that it is no longer current authoritative guidance for the GIPS standards, but is historical guidance for firms previously claiming AIMR-PPS compliance.
- The GIPS EC members unanimously approved the Greek TG as presented. (9 Votes)

- EC members decided to delete the references to “Market Value” or “Fair Value” in Sections 0-5 of the 2010 GIPS standards and require firms to value portfolios in accordance with Appendix D. The discussion on “Market Value” and “Fair Value” in the Appendix D. (9 Votes)
- EC members also decided in Appendix D, Introduction on “Fair Value” to remove the names of other organizations, but to acknowledge that there are other standards that use the term “Fair Value” and have different definitions.
- EC members decided in Appendix D, Introduction on “Fair Value” to state the definition is meant to be broad enough to accommodate different standards and different regions should be applied consistently.
- EC members decided to keep the terminology of “Fair Value” in the Glossary and Appendix D. (9 Votes)
- EC members decided to revise Appendix D, Valuation Requirement, #4 to read as follows:  
4. FIRMS MUST document their policies and procedures used in establishing and maintaining compliance with the GIPS standards. (Provision 0.A.6) Consequently, FIRMS MUST document their valuation policies, and procedures, including any changes, and apply them consistently. (9 Votes)
- EC members decided to move the specific Valuation Hierarchy Requirement in Appendix D to a Recommendation. (9 Votes)
- The EC members decided to have the language in Appendix D redrafted and reviewed for approval at the 21 October conference call. (8 Votes For, 1 Against)
- The EC members decided Risk should be addressed in the GIPS standards. (9 Votes)
- It was proposed to follow the Revised Exposure Draft edits by deleting references to risk in the provisions, amend the Composite Description in the Glossary to incorporate risk, amend Appendix B to add detailed language to explain what should be shown and not shown for the strategy on risk and provide examples of risk disclosures, and develop a Q&A on risk. (8 Votes For, 1 Abstention)
- EC members decided to require a risk measure in the GIPS standards. (9 Votes)
- EC members decided to require firms to present standard deviation. (7 Votes For, 2 Votes Against)
- EC members decided to change 5.A.9 the last word between a. and b. from “or” to “and” (to require if the firm determines that standard deviation is not relevant, the firm must also present an alternative measure and disclose why standard deviation is not relevant). (7 Votes For, 2 Votes Against)
- EC members decided to change 5.A.9 to require 3 year ex-post standard deviation for each annual period on a prospective basis after 1 January 2011. (9 Votes)
- EC members decided to change 5.A.9.a. “(using a minimum of monthly periods)” to “(using monthly returns)”. (9 Votes)
- EC members decided to add an additional recommendation that, “For any period for which the TOTAL RETURN for the COMPOSITE and the BENCHMARK are presented, the corresponding EX-POST STANDARD DEVIATION of the COMPOSITE and the BENCHMARK SHOULD be presented.” (7 Votes For, 2 Votes Against)
- EC members decided to ask the Risk Working Group to draft a Risk Guidance Statement. (8 Votes For, 1 Vote Against)
- EC members agreed that the Compliance Statement and two versions of the verification status (e.g., verified or not verified) will be sufficient. (9 Votes)

- EC members decided that the Claim of Compliance Statement/Verification status should remain as it is with two sentences in one paragraph. (7 Votes For, 2 Votes Against)
- EC members proposed requiring the Claim of Compliance, including the Verification Statement, be kept together as one disclosure. (7 Votes For, 2 Votes Against)
- EC members decided to keep non-fee paying portfolio disclosure as a recommendation, and not to require firms to include non-fee-paying portfolios in composites. (7 Votes For, 2 Votes Against)
- EC members decided to recommend having Firms disclose if there are proprietary assets in a composite, if material. (7 Votes For, 2 Votes Against)
- EC members confirmed the election of Carl Bacon as the EC Chair. His term as Chair of the GIPS Executive Committee begins as of 1 September 2010. (8 Votes For, 1 Abstention)