



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

Date: Friday 18 September 2009
Location: In-Person Meeting - Singapore
Time: 1:00 – 5:00 p.m.

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

Observers Present:

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| Lucretia Aik – Singapore | Gim-Cheng Lem, CFA – Singapore |
| Mir M. Ali, CFA – Pakistan | Michael Lim - Singapore |
| Pierre-Marie Bouvet – Singapore | Karl Lung, CFA – Hong Kong |
| Liam Bussell – China | Peter McCaffrey – New Zealand |
| Sharon Craggs, CFA – Singapore | Jason Miyashita – Micronesia |
| Martin Codina – Australia | Janis Mok - Singapore |
| Francis Er – Singapore | Naoko Mori – Japan |
| Th'ng Beng Hooi, CFA – Singapore | Giri Muldeliar – Singapore |
| Seiji Kamiya – Japan | Jun Seo “Justin” Pak – Korea |
| Kazumichi Karita – Japan | Munirah Razak – Singapore |
| Bill Jamieson – Singapore | Rhodri John Roberts – Singapore |
| Soo Earn Keoy, CFA - Singapore | Andrea Sankar - Malaysia |
| Youngmin Kim - Korea | Teck Chye “Chris” See, CFA – Malaysia |
| | Eva Seetoh – Singapore |
| | Valeria Tan – Singapore |

CFA Institute Staff Present: 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
Ashvin Vibhakar, CFA – Managing Director APAC

Action Items

- The Risk Working Group will create Q&As, develop examples of risk descriptions to be included on the composite list, and draft additional guidance on Risk.
- EC will contact Australia, Italy and the United States Country Sponsors to discuss existing tax guidance and the best way to address this issue going forward in separating it from the GIPS standards.
- Interpretations Subcommittee will create a Q&A and guidance on valuing portfolios on the date of a large cash flow.
- Interpretations Subcommittee plans to re-evaluate the Error Correction Guidance Statement requirement to disclose for 12 months any change to the compliant presentation due to a correction of a material error.
- The EC plans to continue discussions about the possibility of retiring specific disclosures after a certain time period in the future.
- The EC plans to continue discussions about the possibility of defining “materiality” in the future.
- Investment Manager Subcommittee will release Q&As on the definition of Prospective Client in the near future.
- Interpretations Subcommittee will create a Q&A to provide guidance on the disclosure of short positions.
- CFA Institute staff will prepare a summary of the EC conclusions regarding revisions to the GIPS EC 2010 Exposure Draft from the Singapore meetings to be posted on the GIPS Website for the public.
- CFA Institute staff will send an e-mail reminder to Country Sponsors to submit nominees for the EC 2010 Nominations Committee, GIPS Council Representative no later than 30 September 2009.
- Asian Pacific RIPS Country Sponsors were encouraged to volunteer for GIPS subcommittees to provide geographic balance for the subcommittees.
- Country Sponsors are encouraged to consider industry conferences where they could promote the 2010 GIPS standards.
- Country Sponsors are encouraged to plan the revision of their translations after the finalization of the 2010 GIPS standards.
- The next draft of the revised Operating Policies and Procedures documents will be distributed to Country Sponsors for review for approval by the EC at the March 2010 in-person meeting.
- CFA Institute staff will send an e-mail communication to all GIPS Country Sponsors announcing the CFA Institute decision regarding the GIPS standards intellectual property.
- CFA Institute staff will circulate the revised draft of the Country Sponsor Notification of Violation and Resolution Process to GIPS Country Sponsors for their feedback in preparation for the EC to vote on the final draft at the March 2010 meeting.
- South Africa Country Sponsor and the Pakistan Country Sponsor were requested to assist in the development of some proposed questions and answers addressing Islamic Finance for the Interpretations Subcommittee to review.
- CFA Institute staff will send a notification to Client Reporting Working Group members announcing the Working Group will be closed and they will be asked to join a new working group being formed by CFA Institute separate from the GIPS standards.

Mr. Illmer welcomed the two new members of the GIPS Executive Committee, Mr. Morrison and Mr. Persaud. He also welcomed the Asia Pacific Country Sponsors and other interested Observers to the GIPS EC Open Meeting.

1. Interpretations Subcommittee

GIPS 2010 Update

Ms. Vincent reported that over 140 comments letters were received on the GIPS 2010 Exposure Draft. She explained that for the past two days the EC members extensively reviewed and considered additional edits to Sections 0-5 of the GIPS 2010 Exposure Draft. Ms. Vincent proceed to highlight the key changes.

Claim of Compliance Statement

The EC made the following decisions regard the Claim of Compliance Statement:

- Firms will state if they are verified or not verified; and
- Firms will be required to include specific text describing what is and is not covered by verification.

Verification Definition to be included in the Verification Status – Required Language

“Verification is intended to determine whether:

- a. The firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis, and
- b. The firm’s processes and procedures are designed to calculate and present performance results in compliance with the GIPS standards.

Verification does not ensure the accuracy of any specific composite presentation. The verification report(s) is/are available upon request.”

Alternative Last Paragraph if a Composite has been examined – Recommended Language

“The [Insert Name of Composite] has been examined for the periods [Insert Dates]. The verification and performance examination reports are available upon request.”

The EC decided that the Verification Status and the text defining what is and is not covered by verification should be presented together with the Claim of Compliance.

The EC strongly encourages verification and believes it to be a very valuable process and exercise for firms to go through.

Fair Value

The EC decided to change the Exposure Draft to eliminate use of the term “fair value” and simply use the term “value” in the provisions. The concept of fair value will remain in the Valuation Guidelines of the Standards. It is important to convey to the industry that market value is the starting point for valuation, and if no market value for an asset is available or exists, firms must use a fair value methodology to determine the valuation.

Non-Fee-Paying Portfolios

The EC decided not to change the existing GIPS standards on the topic of Non-Fee-Paying Portfolios. Firms will not be required to include Non-Fee-Paying Portfolios in composites in the GIPS 2010 version.

Proprietary Assets

The EC decided not to require, but rather to recommend, that a firm disclose the fact that a composite includes proprietary assets as a narrative, but not the percentage of proprietary assets.

Risk

The EC unanimously agreed that the GIPS standards should address both risk and return. Firms will be required to disclose risk as it relates to composite strategies. Examples of Risk disclosures and guidance will be developed.

4.A.20 “FIRMS MUST disclose the COMPOSITE DESCRIPTION which must include sufficient information to allow a PROSPECTIVE CLIENT to understand the key characteristics of the COMPOSITE strategy.”

The additional language “including risks” was removed. Instead, the EC will issue guidance that the composite list must include a description of risks specific to the composites listed and that firms need to expand the composite strategy description.

Regarding the calculation perspective, the EC continues to believe that it is appropriate to disclose the 36 month ex-post standard deviation for both the composite and the benchmark. The EC decided to change this from being just a one-time disclosure each year. The EC agreed that firms must continue to make this disclosure for prospective periods, adding it to the compliant presentation on a prospective basis each year.

The EC agreed to require the presentation of standard deviation. The EC decided that if a firm determines that standard deviation is not relevant for the composite, they must present an alternative risk measure and disclose the reason why standard deviation is not relevant. The alternative measure must also cover the most recent 36 month period, and if it is a measure that can be calculated for the benchmark, it must also be presented.

Mr. Morrison made an open offer to anyone to forward to him specific questions they may have on the proposals on risk and the use of standard deviation and its practical application.

Next steps relating to Risk will be to create Q&As, develop examples of what might be expected in the composite description, and to draft additional guidance.

After-Taxation Issues

The EC plans to contact Australia, Italy, and the United States Country Sponsors to discuss existing tax guidance and the best way to address this issue going forward, separating it from the GIPS standards.

Section 0 – Fundamentals of Compliance

EC agreed that the new provisions 0.A.16 and 0.A.17 will remain unchanged from the language issued in the GIPS 2010 Exposure Draft.

Section 1 – Input Data

EC debated making a change to 1.A.3.b. that portfolios must be valued: “at the time” instead of “on the date of” LARGE CASH FLOWS. However, the EC decided to keep the language “on the date of” for this provision. It was stated that a Q&A will soon be released and guidance is being developed on this issue.

Composite Construction

EC decided not to require the provision that “FIRMS SHOULD NOT show COMPOSITES to PROSPECTIVE CLIENTS with assets below a minimum asset level”. It will stay a recommendation as it is currently in the existing Standards.

Disclosures

The EC added language to 4.A.7 in the last sentence, “FIRMS MUST also disclose if BENCHMARK returns are net of withholding tax, if this information is available.”

The EC decided to delete the 4.A.28 provision that required firms to disclose for 12 months any change to the compliant presentation due to a correction of a material error. This is a current requirement in the Error Correction Guidance Statement, which goes into effect as of 1 January 2010, however, it was noted that some firms may have already adopted this Guidance Statement. This requirement in the Guidance Statement will be re-evaluated.

Provision 4.A.30 is a requirement from the Valuation Guidelines which states, “FIRMS MUST disclose if PORTFOLIO investments are valued using subjective unobservable inputs that are material to the COMPOSITE for periods after 1 January 2011.” Provision 4.A.31 was a recommendation upgraded to a requirement that states, “FIRMS MUST disclose the description of the BENCHMARK”.

Provision 4.A.33 was recommendation upgraded to a requirement that states, “If a custom BENCHMARK or combination of multiple BENCHMARKS is used, the FIRM MUST disclose the BENCHMARK components, weights, and re-balancing process.” This provides additional clarity on how a benchmark is calculated and presented.

Provision 5.A.1.c. requires firms to disclose the initial period of a Composite if that period is less than one year effective as of 1 January 2011. This will not be a required retroactive change. The EC agreed that firms will also be required to disclose the ending stub-period of a composite so that firms do not lose that track record.

The EC changed the term “closed” to “terminated” when referring to composites to distinguish the difference of when a composite is closed to new investors, but still has performance, versus a strategy that is terminated.

The EC discussed retiring disclosures after a certain time period. The responses on this item were extremely varied and the EC will continue to review the issue.

The EC acknowledged that materiality is a difficult concept, and the EC has not defined “materiality” at this time but will continue to review the issue.

The EC decided to keep the Prospective Client definition with two minor changes. The reference to a composite minimum was deleted, leaving it up to firms to decide who qualifies to invest in a composite; and “Composite” was added, to clarify interest expressed for one of the firm’s composite strategies. It was mentioned that the Investment Manager Subcommittee has drafted Q&As on this issue which will be released in the near future.

It was reiterated that recommendations are best practice but will not necessarily become requirements in the future.

Observer Question on the GIPS 2010 Exposure Draft

The EC members opened the floor to the Observers for questions regarding changes to the GIPS 2010 Exposure Draft.

Mr. See asked if there is a definition of Proprietary Assets. He stated that there are situations where shareholders of small investment managers firms have portfolios as clients of the firm. Ms. Vincent mentioned that the EC eliminated the requirement to disclose the percentage of composite that is composed of Proprietary Assets.

Mr. Boersma further explained that the EC changed that requirement to a recommendation to simply disclose the existence of Proprietary Assets within the composite. The definition of Proprietary Assets is assets that primarily belong to the firm. It was discussed whether that included management assets or simply assets that belong to the firm.

Ms. Vincent reported that the definition listed in the Glossary states, “Asset owned by the FIRM, the FIRM’s management, or the FIRM’s parent company.”

Mr. Illmer mentioned that Glossary is not finalized yet and the definition may change.

Mr. Bacon noted the sensitivity is reduced because the EC has decided to remove this requirement.

Mr. See asked if presentation of the revised Standards will include a supporting document explaining the basis of conclusions as opposed to Q&As. Explaining if a basis for the conclusions is provided, it is actually structured in such a way that it focuses on the choices the EC made in producing the standards. In a Q&A, people have to search through the document to find the guidance. An example is regarding disclosure of benchmarks; there is a situation in some Asian markets where very large pension funds are the only client in a composite. So there is a minimum number of portfolios in the composite, to have the fund manager disclose all its composites may

violate the pension funds condition of confidentiality. In that situation, a fund manager might not be able to comply with full disclosure.

Ms. Mori stated that some investment management firms in Japan made comments requesting the continuation of the current carve-out rule and not to prohibit the cash allocation method. She asked if provision against allowing cash allocation method in carve-outs will be effective at the beginning of 2010.

Ms. Mori asked for the EC's position on short positions. She mentioned that they also received comments regarding 4.A.5 on the disclosure of the short positions. Ms. Mori stated that guidance is necessary regarding the decision as well as a definition of short positions and materiality, and sample disclosures on whether to disclose the most recent period or not.

Ms. Mori requested that the GIPS EC's official interim report, made during this session, be announced officially to the public. She stated that it would be very helpful in preparing their feedback to their local committee, and the stakeholders so they can understand the current situation and, in particular, carve-outs.

Ms. Vincent responded regarding carve-outs, that the Exposure Draft reflected the current provision which says that effective as of 1 January 2010 a firm will no longer be able to allocate cash to carve-outs and then include the carve-out plus allocated cash in a composite. There is no proposed change to that provision, it will stand as is. Firms will no longer be able to allocate cash to carve-outs and include that in a composite as of 1 January 2010.

Ms. Vincent explained that the disclosure on short positions is meant to be a narrative disclosure, it is not meant to be a percentage disclosure. She clarified the language says that a firm must disclose the use and extent of leverage derivatives and short positions, if material. Once again this is focusing on the composite strategy, there is no specific materiality percent or amount that would drive that calculation. It is going to be up to each firm, in their judgment and estimate, what that disclosure should be.

Mr. Illmer stated this requirement now includes short positions, and that short positions should be handled as firms have handled leverage and derivatives in the past. He stated that Q&As will be created with proposed language on how to handle this addition.

Ms. Vincent went on to say that often firms that are appropriately describing their composite strategy should not have to make any special disclosure requirement related to that specific disclosure, because if it is part of the strategy, it should already be described.

Mr. Boersma mentioned that some people were concerned that the requirement would require the actual disclosure of the short positions. Firms are being asked to disclose that short positions are being used as part of the strategy. The EC is not asking firms to disclose the securities being held short.

It was reported that the EC will create a summary of all conclusions on GIPS 2010 Exposure Draft and it will be made public. This summary will only provide direction on the conclusions determined at this time, and it will not be until the EC votes on the final version that any proposed changes will become final.

2. Nominations Committee

An update was provided that the 2009 Nominations Committee has completed their work with the appointment of Colin Morrison as the Investor/Consultant Subcommittee Chair and the election of Trevor Persaud as the Asia Pacific RIPS Chair.

It is time to begin formation of the 2010 Nominations Committee and a request for Country Sponsors to submit nominees as their representative was distributed in late June with a deadline of 30 September 2010. A ballot containing all nominees will be distributed for a 60-day voting period in early October 2010. The work of the 2010 Nominations Committee will begin in early January 2010. The EC positions to be rotated on 1 September 2010 are GIPS Council Chair, EMEA RIPS Chair and Investment Manager Chair. The GIPS Council Chair will be elected from the Asia Pacific region because the Operating Policies & Procedures require a rotation of the Council Chair and the first two Council Chairs have been from EMEA and Americas, respectively.

As a result of the recent Asia Pacific RIPS Chair election, the Nominations Committee has recommended various clarifications and modifications to the GIPS Council and RIPS Operating Policies and Procedures. These documents as well as the EC Constitution and EC OPPs are being revised and drafts will be distributed to Country Sponsors for comment. The final drafts will be reviewed and presented for approval at the in-person meetings in Lisbon in March 2010.

It was mentioned that an e-mail will be sent to Country Sponsors to remind them to send in nominees for the EC 2010 Nominations Committee, GIPS Council Representative no later than 30 September 2009.

It was reported that there are openings on GIPS Subcommittees for volunteers from the Asia Pacific region.

It was announced that Mr. Bacon was elected by the GIPS EC members to become the EC Chair on 1 September 2010.

3. Promotion & Awareness Subcommittee Update

It was reported that the GIPS EC has requested that the GIPS Today presentation be updated to reflect the key issues targeted and discussed at length during the past several months and reviewed earlier today. Additionally, they asked the Real Estate Working Group, Private Equity Working Group, Risk Working Group and Alternative Strategies Working Group to provide a slide highlighting those areas as part of the presentation. The GIPS Today presentation is available to Country Sponsors on the GIPS Website to be used and revised for their local markets. A template press release will be created and provided to each Country Sponsor for customization to promote GIPS 2010 in their local markets.

Regarding the timeline on the 2010 GIPS version, the EC members are working as quickly as possible to finalize the new version to be published in January 2010.

Country Sponsors were encouraged to consider other industry conferences where they could promote the 2010 GIPS standards.

4. GIPS Council and RIPS Updates

Mr. Riddles reported there are currently 31 Country Sponsors and that the Greek translation of the GIPS standards was recently approved. There are now a total of 11 endorsed translations of the GIPS standards. He mentioned that it is important for Country Sponsors to begin planning the revision of their translations after the finalization of the 2010 GIPS standards.

At the Dublin meeting, it was discussed that the GIPS governance documents would be distributed for comment; only three Country Sponsors (Japan, Norway, and Sweden) submitted comments. As mentioned earlier, the Nominations Committee has also made significant contributions that clarify the nomination, election, and voting processes. These will also be incorporated in the next draft of the revised Operating Policies and Procedures documents to be distributed to Country Sponsors for review. All the revised documents will be reviewed and presented for approval at the March meetings in Lisbon.

It was mentioned that Country Sponsors have a prominent role in promoting the GIPS standards. It is important that Country Sponsors take advantage of the marketing and educational materials produced by the GIPS Promotion & Awareness Subcommittee. Additionally there are many initiatives underway by various Country Sponsors, as shared by the Asia Pacific RIPS Country Sponsors in their meeting earlier today.

It was announced that regarding past discussions of the Intellectual Property Working Group, that after much discussion and consideration CFA Institute decided not to pursue a shared ownership arrangement of the GIPS standards. An e-mail communication will be sent to all GIPS Country Sponsors announcing CFA Institute's decision regarding their decision on the GIPS standards intellectual property issue.

5. Discuss GIPS Country Sponsor Notification of Violation and Resolution Process

As discussed during the Dublin meetings following the EC approval of the Country Sponsor Review Process, it was necessary to develop a process for notifying and resolving conflicts with Country Sponsors.

This draft document is based on the binding documents (CS Agreement and Adoption Guidelines) each Country Sponsor must sign to be endorsed by the EC. The purpose of this document and process is to ensure that the EC establishes clearly defined procedures to resolve a conflict with a GIPS Country Sponsor. This enables Country Sponsors to have a clear understanding of the specific criteria and expectations of the process to address and resolve a violation of the *GIPS Country Sponsor Agreement and/or Adoption Guidelines*.

It was announced that a revised draft of the Country Sponsor Notification of Violation and Resolution Process will be circulated to GIPS Country Sponsors for their feedback in preparation for the EC to vote on the final draft at the March 2010 meeting.

6. Review Revised Strategic Plan

The Revised GIPS Strategic Plan was presented which is an ongoing roadmap of the initiatives related to the GIPS standards. It was reported that the Plan will be updated and reviewed in September 2010 to plan for the next two years.

In the Plan it was noted that some of the future initiatives are: the application of the GIPS standards and position relative to the retail market; addressing mergers and acquisitions; applying the GIPS standards to Islamic Finance; and examining the area of Transitional Management to determine if it is appropriate for inclusion in the GIPS standards.

The South Africa Country Sponsor and the Pakistan Country Sponsor were requested to assist in the development of some proposed questions and answers addressing Islamic Finance for the Interpretations Subcommittee to review.

Country Sponsors were encouraged to develop working papers, to be submitted to the EC for review, on new topics relevant to their local markets or on global topics.

7. Subcommittee and Working Group Update Reports

Mr. Bacon reported that after completing work on the 2010 version of the GIPS standards, the Verification Guidance Statement and Performance Examination Guidance Statement, the Verification/Practitioner Subcommittee will continue their work on Verifier Independence.

It was mentioned that no new provisions on Alternatives Investment Strategies were added to the GIPS 2010 Exposure Draft. But some issues such as short positions have been incorporated into existing provisions. Mr. Morrison stated that the work of the Alternatives Investment Strategies Working Group is ongoing but is nearing completion.

Ms. Mulder reported that the Investment Manager Subcommittee has identified a new topic to begin work on, Database Submissions and Submission of Data to Consultants for survey purposes. This topic is very relevant, as often the surveys do not request additional information just a simple box for firms to check that they claim compliance.

Mr. Illmer announced the upcoming EMEA RIPS in-person meeting in Frankfurt, Germany on Friday 6 November 2009. A topic to be discussed at that meeting is on enforcement efforts based on the draft paper from South Africa.

Ms. Mulder suggested forming a global working group on enforcement efforts on what a Country Sponsor should do or not do if they are aware of an alleged false Claim of Compliance.

It was announced that a GIPS Country Sponsor Web Template has been developed, is currently being tested and will soon be offered to all GIPS Country Sponsors. Country Sponsors can use the entire template, use only specific sections, or decide not to use the template.

Mr. Boersma reported that CFA Institute is revising the framework for use of the GIPS logo that will make it easier for firms to use. The GIPS Logo Usage Guidelines are being revised to allow firms to use the GIPS Logo on compliant presentations or in advertisements that adheres to the GIPS Advertising Guidelines.

Mr. Boersma mentioned that the Advertising Guidelines, Wrap Fees/SMA, Real Estate, Private Equity, Verification, and other sections of the GIPS 2010 Exposure Draft have not yet been reviewed by the EC. It was reported that the Private Equity Working Group and Real Estate Working Group are in the process of reviewing the public comments that were received and it is anticipated their work will be completed in the next month or two for the EC to review.

Organizational Items

It was announced that the next in-person GIPS Meetings are scheduled to be held on Thursday 18 March and Friday 19 March 2010 in Lisbon, Portugal.

EC members briefly discussed changing the time of future EC closed conference calls since members are in several time zones.

Other Business

Client Reporting

Mr. Boersma reported that CFA Institute is forming a small working group to draft an initial document on Client Reporting. It was stressed that this new project is separate from the GIPS standards. He mentioned that they are looking for volunteers from Asia Pacific, EMEA, and Americas to provide a global perspective. The Client Reporting working paper from the EIPC (European Investment Performance Committee) and the work done by the Client Reporting Working Group will be considered by the new group. A formal closing and notification will be sent to the former Client Reporting Working Group members and they will be asked to join the new working group.

Observer Questions

Mr. Karita expressed his sincere gratitude to the EC's for their tremendous work and CFA Institute. The past year has been very, very difficult time for the GIPS EC and many other people related to the GIPS and he hopes that 2010 version will be a very successful one in the coming years. Mr. Karita repeated Ms. Mori's comment as it is the duty as a Country Sponsor to communicate to their market what has been discussed and what has been decided at the EC Meeting. Please disclose, in writing after the Boston meeting, whatever interim decision has been made to avoid any misunderstanding.

Mr. Illmer assured the participants that a written summary of the EC's conclusions on the GIPS 2010 will be posted on the GIPS Website.

Ms. Mori requested more information on the enforcement efforts document from South Africa. She asked if GIPS compliant firms can continue to claim compliance even if they do not follow any of the future Client Reporting Guidelines.

Mr. Boersma confirmed that future Client Reporting guidelines or best practices will have no impact on firms claiming GIPS compliance. The GIPS standards are separate from the guidelines or best practices to be developed on client reporting.

Ms. Mulder mentioned that a paper prepared by the South Africa Country Sponsor outlining basic steps that could be followed in relation to enforcement efforts was shared at the GIPS Meetings in Dublin. She went on to say that it does not appear that other Country Sponsors have developed enforcement steps in their countries. Consequently, it has been proposed that a working group be formed to address this issue. She encouraged Ms. Mori and others to volunteer for an enforcement working group.

Mr. Illmer reminded participants that the South Africa enforcement paper can be found on the GIPS Webpage where meeting materials are posted for all in-person meetings. He mentioned they can also request a copy of the document from CFA Institute staff by e-mail.

Mr. See mentioned that the Malaysia Association of Asset Managers is planning to submit their application to become a GIPS Country Sponsor. When the topic of enforcement arose, he would like to know how a Country Sponsor may take action against a firm that is on the committee of their sponsoring body. He also questioned the use of a GIPS logo and expressed concern that a Country Sponsor will not be put into a position to actually have to take action, but the enforcement be framed as a violation of the use of the GIPS logo. Therefore, that Country Sponsor will not have to action against its own sponsoring committee member, perhaps action could be taken by some supranational kind of body.

Mr. Illmer stated that it is great news that the Malaysia Association of Asset Managers is planning to submit a Country Sponsor application. The EC is totally aware of the concerns regarding liability questions, and the role of Country Sponsors relating to enforcement. The EC has a very clear view that the Country Sponsors have a strong role and it should be up to the Country Sponsor to decide on enforcement activities within their local market. That is why the EC started the discussion and asked the Country Sponsors to discuss the issue in the local committees.

Mr. Illmer mentioned that the GIPS logo is different because of the branding issue. The EC looks forward to see what CFA Institute will develop to allow firms to use the GIPS logo on their compliant presentation or in adherence with the Advertising Guidelines.

Mr. Boersma stated that CFA Institute does not expect Country Sponsor to deal with enforcement or issues related to the GIPS logo. The GIPS logo is owned by CFA Institute. He does not believe anyone is thinking about requiring Country Sponsors to take any enforcement actions. Some Country Sponsors are committees and do not have any legal standing to take any action. So they cannot be required to take enforcement action. There is no need to be concerned about being required to take action against one of your own members. If CFA Institute sees one of its members not acting appropriately we do take action because we believe our members reflect on us as an organization. So you might decide on your own to take some actions, but as a Country Sponsor we would not require you to take any action. The EC encourages Country Sponsors to discuss ideas on different approaches to enforcement and at the Lisbon meeting to share information to equip Country Sponsors with some good ideas or possibilities they may choose to employ. This is an ongoing topic for further development and future discussions.

Ms. Mulder clarified that firms have to sign up to use the GIPS logo.

Ms. Kim mentioned she is focusing on an asset management company to adopt GIPS. But just found out that many Korean brokerage houses manage SMAs. She is now wondering the status for securities industries overseas. She asked how many brokerage houses adopt GIPS?

Mr. Boersma commented that there is a lot of experience in the United States in dealing with SMAs or Wrap Programs. He went on to say that he does not believe any of the sponsors claim compliance.

Ms. Vincent stated she is not aware of any sponsors only firms that claim compliance with the GIPS standards on the Wrap Fee/SMA Programs, just on the pure sponsor side. She did mention that she does see firms starting to move toward the programs such as the evolving Wrap Program in the UMA Programs which is a kind of hybrid program where there is discretion. She mentioned this is a country-specific issue and agreed to meet with Ms. Kim after the meeting to discuss it further.

Mr. Illmer thanked the Observers and the Country Sponsor representatives for their participation and for supporting the GIPS standards initiative on a regular basis and looks forward to working with them on the future tasks and initiatives.

He also thanked CFA Institute for organizing and supporting the GIPS meetings and GIPS activities. Mr. Illmer thanked the IMAS (the Investment Management Association of Singapore) for sponsoring the event on Thursday. He especially thanked the Mr. Michael Lim, Mr. Thomas Lim, and Mr. Jeffrey Chong for their assistance in the organization of the GIPS meetings in Singapore. Mr. Illmer concluded by saying he looks forward to seeing everyone in Lisbon.

Adjourn – 4:15 p.m.