



AGENDA
EMEA Regional Investment Performance Subcommittee (RIPS)

Date: Thursday 28 October 2010

Location: Conference Call

Time: 9:00 - 10:15 a.m.

- | | | | |
|----------------|---|---------------|---------|
| 9:00 | | | |
| 1. | Welcome / Introductions / Opening Remarks | Dimitri Senik | 5 mins |
| | o Approve minutes of last EMEA RIPS meeting 18 March 2010 | | |
| | o Review Action Items of last EMEA RIPS meeting | | |
| 9:05 | | | |
| 2. | Update on EC activities since 18 March 2010 | Dimitri Senik | 20 mins |
| | o Recap results from the EC in-person meeting, conference calls and Action Items | | |
| 9:25 | | | |
| 3. | Discuss EMEA Country Sponsors Feedback on Guidance Statements | All | 20 mins |
| 9:45 | | | |
| 4. | Discuss GIPS Strategic Plan | Dimitri Senik | 10 mins |
| | o EMEA RIPS Initiatives | | |
| 9:55 | | | |
| 5. | Update on GIPS Nominations Committee | Dimitri Senik | 5 mins |
| | o Next Steps | | |
| 10:00 | | | |
| 6. | Other Business | Dimitri Senik | 5 mins |
| | o 2010 EMEA RIPS in-person March meeting in Zurich | | |
| 7. | Question & Answer Session | All | 10 mins |
| 10:15 | | | |
| Adjourn | | | |



MINUTES
EMEA RIPS
Thursday 18 March 2010
Lisbon, Portugal

DATE: Thursday 18 March 2010

TIME: 1:00 p.m. – 5:00 p.m.

CHAIR: Dr. Stefan J. Illmer

COUNTRY SPONSOR

ATTENDEES:

| | |
|---------------------------------|-----------------------------------|
| Dmitrij Alexandrov – Russia | Liudmyla Zhurakhovska - Ukraine |
| Jonas Arsjo – Sweden | Sunette Mulder - South Africa |
| Adrian Doswald – Liechtenstein | Sylvain Lallement - France |
| Joao Cantiga Esteves - Portugal | Joe O'Donnell - Ireland |
| Miklos Farkas – Hungary | Dias Sarsenov - Kazakhstan |
| Monica Gordillo, CIPM - Spain | Martin Schliemann - Germany |
| Lars Bjerre Hansen - Denmark | Michael Schmid - Austria |
| Mark van Eijk – The Netherlands | Dimitri Senik, CFA – Switzerland |
| Jørn Gunnar Kleven - Norway | Kyriakos Tsakirides, CFA - Greece |
| Colin Morrison - United Kingdom | Veronique Wegnez - Belgium |

COUNTRY SPONSOR

ATTENDEES ABSENT: Alessandro Rota - Italy

ASSOCIATE MEMBER ATTENDEES: Joachim Hein – EFAMA
Remco van Eeuwijk, CFA - EFFAS

OBSERVERS:

- Daniela Azeredo - Portugal
- Carl Bacon, CIPM – EC Chair Elect and Verification/Practitioner Chair
- Javier Eiriz – Spain
- Adina Gurau-Audibert - France
- Christophe Javaux - Belgium
- Susanne Klemm – Switzerland
- Julian Le Fanu – United Kingdom
- Hans Pieper - Germany
- Neil Riddles, CFA, CIPM – GIPS Council Chair
- Christoph Weder - Liechtenstein

CFA INSTITUTE:

- Polly Johnson – Administrative Assistant
- Cindy Kent – Director, Global Investment Performance Standards

Action Items:

- CFA Institute staff will send a copy of the Associate Membership contract to Mr. van Eijk to forward to INREV (Investors in Non-listed Real Estate Vehicles) for review.
- Mr. Esteves will discuss the best way to approach CESR about their interest as an Associate Member of the EMEA RIPS; or alternatively other methods to involve their representatives to ensure their awareness of the GIPS standards.
- EMEA RIPS members were requested to review the list of organizations proposed for Associate Membership and asked to consider other regional organizations as potential EMEA RIPS Associate Members.
- EMEA RIPS Country Sponsors were strongly encouraged to provide the Regulator Relations Working Group feedback on their local regulator activities and to include in their update reports summaries any discussions they have with their regulator.
- Mr. Schliemann will distribute a copy of the presentation on the Regulator Relations Working Group to the EMEA RIPS members.
- The EMEA RIPS chair will communicate to the Executive Committee the suggestion to add the topic of GIPS standards applicability to retail investors to the GIPS Strategic Plan.
- EMEA RIPS members were requested to provide feedback on whether they believe the risk guidance is headed in the right direction.
- The Regulator Relations Working Group was requested to consider adding risk regulations to the Country Sponsor survey being drafted as well as performance regulations.
- The Promotion & Awareness Subcommittee were requested to provide specific questions regarding GIPS compliance and/or verification rates to be included in the Regulator Relations Working Group questionnaire.
- Mr. Morrison will provide data information from the investment consultant databases in the near future.
- CFA Institute staff will email Country Sponsors requesting them to submit names of volunteers interested in serving on the Enforcement Working Group.
- EMEA RIPS members were encouraged to send any comments they have on the USIPC Model, Hypothetical, and Backtested, Performance Paper either verbally or by e-mail to the USIPC representative, Mr. McAra.
- CFA Institute staff will email a copy of the *GIPS Today* presentation to the Austria Country Sponsor.
- EMEA RIPS members were requested to submit nominees for the Investment Manager Subcommittee Chair position before the deadline on 1 April 2010.
- EMEA RIPS members were requested to submit nominees for the EMEA RIPS Chair position.
- EMEA RIPS Country Sponsors who are interested in hosting the November 2010 EMEA RIPS in-person were requested to contact Dr. Illmer and Ms. Kent to begin the planning process.
- EMEA RIPS Country Sponsors requested clarification regarding organizations that should be approached as potential Associate Members of EMEA RIPS.

Decision Items:

1. The EMEA RIPS Minutes of 6 November 2009 in Frankfurt were approved as amended.
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1. Welcome / Introductions / Opening Remarks

Dr. Illmer welcomed all attending Country Sponsors, Associate Members, and Observers.

- Approve minutes of last RIPS EMEA meeting 6 November 2009
The EMEA RIPS Minutes of 6 November 2009 in Frankfurt were approved with a correction by removing Peter Varga's name from the list of attendees and changing the year listed in the Decision Items and the first sentence on the approval of the minutes from "20098" to "2009".

o Review action items of last RIPS EMEA meeting 6 November 2009

The action items from the 6 November EMEA RIPS meeting were reviewed and the following action items were updated and/or identified as still open:

- Dr. Illmer reported Ms. Ene at EVCA (European Private Equity and Venture Capital Association) has been out of the office for an extended period and he had difficulty contacting her regarding EVCA's interest in Associate Membership. She has recently contacted Dr. Illmer and indicated EVCA is interested in: attending EMEA RIPS meetings, the EMEA RIPS ongoing work, and perhaps pursuing EMEA RIPS Associate Membership. EVCA's message stated that they will be providing the name of a contact person in the coming weeks.
- Mr. van Eijk reported that he met with INREV (Investors in Non-listed Real Estate Vehicles) representatives and that they are in the midst of changing the Chair of their organization. INREV is interested in receiving a copy of the Associate Membership Agreement. It anticipated that a new Chair will be announced very soon. CFA Institute staff will send a copy of the Associate Membership contract to Mr. van Eijk to forward to INREV.
- It was reported that 14 Country Sponsors provided very thoughtful, thorough comments on the Operating Policies and Procedures ("OPPs") documents that the GIPS EC reviewed.
- Dr. Illmer thanked Country Sponsors for submitting their Country Sponsor Update Reports for the Lisbon meetings.

2. Update on EC activities since 6 November 2009

o Recap results from the EC conference calls and EC Action Items

Dr. Illmer reported the GIPS Executive Committee's focus has been finalizing the 2010 edition of the GIPS standards, and explained the significant resources and time devoted to this initiative. The 2010 edition of the GIPS standards have now been finalized and published on the GIPS website and will be available as a hardcopy soon.

The EC has been working on Questions and Answers ("Q&As") with respect to interpretations of the 2010 edition of the GIPS standards. He stated that over 30 Q&As were reviewed by the EC at the closed meetings in Lisbon. The finalized Q&As will be released in the near future that provide clarification on key issues to the industry.

Dr. Illmer explained that the first priority of the EC is to update the Guidance Statements and that some of the Guidance Statements will require a public comment period. Once the Guidance Statements are completed, work can begin on the *GIPS Handbook*, expected in early 2011.

EMEA RIPS Country Sponsors were reminded that all translations of the GIPS standards, the *GIPS Handbook*, Guidance Statements, and any guidance are required to be submitted to the GIPS EC for review and approval. Country Sponsors were also instructed not to publish any translation related to the GIPS standards until it has been submitted to the GIPS Executive Committee, and to adhere to the process. It was mentioned that this is very important for the whole GIPS initiative in order to ensure that all translations of the GIPS standards and guidance are accurate and consistent.

It was mentioned that the EC encourages firms to comply early with the 2010 edition of the GIPS standards, but that firms also have to comply with the older versions for the respective periods. Some requirements and/or recommendations in the 2010 edition of the GIPS standards do not contradict, but are different from what was required in the 2005 edition. If a firm complies with the 2010 edition of the GIPS standards 100 percent that does not mean the firm is also in compliance with the GIPS standards for year 2009. Firms must comply with the respective version of the GIPS standards for the respective calendar years.

The EC decided that firms will have to comply entirely with the 2010 edition of the GIPS standards if they decided to adopt the revised standards early. Firms may not pick and choose which portions to comply with from the revised Standards.

3. Discuss RIPS Associate Members

- Update on Targeted Organizations
 - EVCA, INREV

- INREV

It was reiterated what was reported earlier in the meeting that INREV is interested in reviewing Associate Membership. CFA Institute will provide Mr. van Eijk with the relevant documentation for INREV to review.

- EVCA

Contact with EVCA has now been reestablished and the name of a contact person will be provided soon in order to proceed in pursuing them as a potential Associate Member of EMEA RIPS.

It was reported that the Germany and France Country Sponsors as well as the EFFAS Associate Member, are not in favor of other national associations becoming Associate Members because they believe this would bring a bias to EMEA RIPS. It was suggested that clarification regarding which organizations may apply to become an Associate Member of EMEA RIPS should be drafted. They do support supranational and multinational organizations becoming Associate Members.

At a recent meeting with the Chair of the SEC of Portugal, it was noted that he is also current Vice Chair of CESR. The Chair of the SEC of Portugal has offered to assist with CESR discussions about the regulator becoming involved with the GIPS initiative at the EMEA RIPS level or at least follow the work being done with respect to the GIPS standards.

The EMEA RIPS Chair and the Portugal Country Sponsor will discuss the best way to approach CESR about their interest in becoming an Associate Member of the EMEA RIPS, and to keep them involved and aware of the work of the GIPS standards.

It was explained that there is a clearly defined process for electing or approving Associate Members in the Regional Investment Performance Subcommittee Operating Policies and Procedures. EMEA RIPS Country Sponsors have gone through the process twice now with the approval of EFAMA and EFFAS. It was further explained that EMEA RIPS Country Sponsors decide which organizations should be Associate Members.

It was mentioned that any EMEA RIPS Country Sponsor are able to propose an organization for Associate Membership. EMEA RIPS members then review and vote whether the organization becomes an Associate Member. It was suggested that EMEA RIPS members should not define what kinds of organizations can become Associate Members and limit it to only certain organizations, but it should be open for the members to decide.

It was mentioned that CESR, which is listed as a targeted organization for Associate Membership, has become very influential in the European legislative process. Other organizations listed on the EMEA RIPS Update Report for potential Associate Membership are not at that same level of influence on that scale. It was suggested that there should be a due diligence process for Associate Members making it transparent the specific purpose in pursuing one organization over another and to provide a filter for a possibly huge number of organizations that may be interested in becoming Associate Members.

EMEA RIPS members were asked if any of the organizations listed as being targeted for Associate Membership should be removed from the list.

It was mentioned that the German Country Sponsor would be resistant in accepting the NAPF organization for Associate Membership as they are a focused national organization. It was explained that the NAPF is one of the few global pension fund/asset owner organizations that has always fully supported the GIPS standards. An opinion was expressed that it is critical to have more owner and consultant input into the GIPS standards and that there is significant asset manager representation working on the GIPS initiative, and there needs to be more balance.

The German Country Sponsor representative agreed that there should be more investor representatives but that the concern with the NAPF is the national aspect and not a representative of an industry. A due diligence process would be helpful to determine if a national organization actually is an important industry representative that is needed, then the view would be different.

It was explained that the NAPF is a member of the EFRP (European Federation for Retirement Provision). The EFRP has instructed the NAPF to represent them at the EMEA RIPS level.

- Next Steps
EMEA RIPS members were requested to review the list of organizations proposed for Associate Membership and asked to consider other regional organizations as potential EMEA RIPS Associate Members.

4. Update on the RIPS EMEA working groups

- Regulator Relations Working Group
It was reported that the Regulator Relations Working Group, which was formed in March 2009 with members Mr. Hein, Mr. Pieper, and Mr. Schliemann are working to identify gaps/overlaps of the different regulations with the GIPS standards and not a general comparison of the regulations.

The Working Group compiled a the paper entitled UCITS, MiFID, GIPS® - Mind the Gap circulated to the EMEA RIPS Country Sponsors two weeks ago. It was reported that they have been waiting to include the Alternative Fund Manager Directive which has been postponed. A summary of the Paper provided was that it compares: different directives, a limited scope, certain areas, who are informed, what kind of information that individual receive, and what density of information does the investor receive? It is anticipated that some aspect about performance measurement will be contained in the Alternative Fund Manager Directive to be included in the Working Group's comparison. It was explained that the major idea is for the Working Group to complete a high-level review, and then a review of the details.

It was mentioned that the Regulator Relations Working Group scope also includes:

- Client Reporting;
- Risk Management; and
- Performance regarding overlapping with regulators.

The Working Group started with a more narrow scope to concentrate on performance presentations regulations and to prepare a comparison matrix. To achieve the comparison matrix, it was decided to develop a survey of Country Sponsors on performance presentation, performance calculation, and perhaps, risk performance, as an emerging regulation issue. EMEA RIPS Country Sponsors were strongly encouraged to provide the Regulator Relations Working Group feedback on their contact with their local regulators and to include in their update reports summaries any discussions they have with the regulator that will assist the Working Group.

It was reported that there is emerging volume of disclosure requirements on risk levels that have to be reported to the retail client and how the product, not composites, has to be presented. There may be some types of conflict between the USIPC and the KID. The Working Group found an increased emerging volume on disclosing risk figures, minimum, maximum risk figures, average risk figures about a reporting period, as well on the product level, not the composite level. They collected all these points but this is not a comprehensive view. The best way to collect all these possible regulations is on an international level and to start this broad collection with a type of survey questionnaire that collects broad conflicting regulatory information. The Working Group anticipates having the survey out in a short time and report results before the next meeting.

EMEA RIPS Country Sponsors were requested to become involved with the working group as they would welcome additional participation and any proposed questions for the questionnaire. The next step is to collect from the Country Sponsors, the grassroots, the different potential conflicting regulations and discuss next steps at the next meeting.

EMEA RIPS members discussed some conflicting regulations and how regulations are vastly different country to country. It was suggested that an ideal ambition of the group would be to strive to get the GIPS standards adopted by as many local regulators as possible to create efficiencies for the industry. Concern was expressed that there is a risk of being overtaken by local regulators regarding performance calculation presentation during the past two years. There is an immense wave of regulation approaching the financial industry in Europe.

It was suggested that it might be best not to have CESR as an Associate Member of the EMEA RIPS but for EMEA RIPS to be an Associate Member of CESR as they will drive where regulation is going in Europe.

It was mentioned it is so important for Country Sponsors to have contact with local regulators and start discussions on best practices in the area of performance presentation reporting. It is important to reach the point where the regulators acknowledge that there is a local committee addressing these issues on a regular basis that they can use as a think tank. This would be a big step forward, to influence regulators on best practices in the financial industry.

Mr. Morrison stated that work is currently going on in the UK on the development of a synthetic risk reward indicator which contrasts, compares, shows all kinds of inconsistencies, and the differences between UCTIS, KID, and GIPS.

It was suggested that the questionnaire they are developing is intra-regional and suggested that it should be expanded to include the other two regions.

Mr. Schliemann will distribute a copy of the presentation that he prepared for his report today on the Regulator Relations Working Group to the EMEA RIPS members.

It was also explained there is confusion being caused by using different terms “assets under management” (an industry term) versus what firms believe are “total firms assets” (a term used in the 2010 edition of the GIPS standards). It was suggested that this issue should be forwarded to the GIPS Helpdesk for the Interpretations Subcommittee to review.

5. Discuss GIPS Governance Structure

o Operating Policies & Procedures Documents

Dr. Illmer mentioned that the Operating Policies and Procedures (OPPs) documents were sent out for final review of the Country Sponsors. Several Country Sponsors provided feedback and their comments were reviewed by the GIPS Executive Committee. The past couple of days the Executive Committee made some additional changes to these governance documents and he will share those changes with the EMEA RIPS members as the documents are reviewed. Dr. Illmer opened discussion with the EMEA RIPS members regarding the revised GIPS Executive Committee, GIPS Council, RIPS OPP documents and asked for feedback on the revised OPPs distributed for the meeting.

GIPS Executive Committee OPPs

A change to the GIPS Executive Committee OPPs was requested on page 6, under 24 in the first sentence the language, “including representatives of standard setting, or regulatory authorities.” to delete the listing of the different types of observers to a GIPS Executive Committee Open Meeting as it is not necessary to limit the type of observers to an Open Meeting. It was explained that it should be the decision of the GIPS Executive Committee to determine what type of observers they allow to attend an Executive Committee open meeting.

GIPS Council OPPs

It was reported that there were no big changes to the GIPS Council OPPs; however, some language was transferred to another section of the document for clarity, so the EMEA RIPS members should refer to the document provided from the online meeting materials.

Regional Investment Performance Subcommittee OPPs

Dr. Illmer reported a change to the RIPS OPPs was the addition of “Associate Members” to the document under membership, so the EMEA RIPS members should refer to the document provided from the online meeting materials.

GIPS Executive Committee Standing Subcommittees OPPs

It was reported that there were only minor changes made by the EC to the GIPS Executive Committee Standing Subcommittees OPPs so the EMEA RIPS members should refer to the document provided from the online meeting materials.

On page 2, under Membership, the question was asked what happens after a volunteer has served the term maximum six years. It was explained that it is the policy that after a volunteer serves the maximum number of years on a GIPS subcommittee, the volunteer is required to sit out for a period of one year and then may apply for any of the GIPS subcommittees.

It was mentioned that in the OPPs it states that meeting materials will be distributed 21 days prior to an open meeting and that this was not true for the 2010 edition of the GIPS standards and that there are new documents being presented at the meeting today. It was explained that the language in the OPPs states “will make every best effort”. It was noted that this is very challenging for everyone.

EMEA RIPS Country Sponsors discussed that there was not enough time to discuss the draft EMEA RIPS minutes with their local committees and requested that the minutes be distributed earlier for review, even in a rough draft form, to provide the Country Sponsors and Associate Members more review time. It was suggested distributing the draft EMEA RIPS minutes 60 days after the meeting would be acceptable.

It was mentioned that the GIPS Executive Committee will approve the OPPs at their open meeting tomorrow.

GIPS Country Sponsor Notification of Potential Violation and Resolution Process

It was reported to the EMEA RIPS members that the EC made a revision to the GIPS Country Sponsor Notification of Potential Violation and Resolution Process document on the second page, the last sentence of the fourth bullet to read:

~~“If the EC determines~~“If the potential violation is resolved, then the EC can determine not to invite the Country Sponsor to a closed meeting, it will inform the Country Sponsor of that decision in writing and include a summary of its reasoning.”

It was commented that the revision by the EC to the GIPS Country Sponsor Notification of Potential Violation and Resolution Process document is a favorable one for Country Sponsors. If any EMEA RIPS Country Sponsor has an issue with the revision and want the original language, the EMEA RIPS Chair will take this feedback to GIPS Council Chair and the EC.

EMEA RIPS Country Sponsors discussed the GIPS structure that “The GIPS Executive Committee is the governing body and highest authority for the GIPS standards and its decisions are final.” It was explained from the governance perspective, the GIPS Council is a subcommittee of the Executive Committee and therefore it cannot govern nor have authority over the Executive Committee.

It was also explained that CFA Institute only approves any changes to governance for the GIPS structure and the four technical seats on the Executive Committee (i.e., Interpretations, Investment Manager, Investor/Consultant, and Verification/Practitioner Subcommittee Chairs). The EC approves the GIPS standards and is the highest governing body.

EMEA RIPS members discussed the language of the GIPS Country Sponsor Notification of Potential Violation and Resolution Process document regarding the EC inviting a Country Sponsor to a closed meeting and later on states that the EC may decide not to invite the Country Sponsor to a closed meeting. It was explained that the EC intends to invite Country Sponsors to a closed meeting if there is a potential violation; however, if the potential violation issue is resolved then there is no need for them to meet.

It was mentioned that the aforementioned governance documents will be discussed at the GIPS Council meeting tomorrow for the Country Sponsors to agree to the GIPS Council and RIPS OPPs for approval at the GIPS Executive Committee open meeting.

An inquiry was made about the meaning of the word “violation” in the GIPS Country Sponsor Notification of Potential Violation and Resolution Process document. It was explained that not adhering to the Country Sponsor Agreement, which Country Sponsors sign is a violation. A violation issue could be related to the GIPS trademark, translating the GIPS standards and publishing it without prior endorsement of the translation by the EC. A further example given was the instance when the Poland Country Sponsor disappeared, this is a violation with respect to performance by a Country Sponsor, without a process the Executive Committee would be unable to remove them and invite another organization to become the new Country Sponsor.

The Ukraine Country Sponsor mentioned the Russian translation of the *GIPS Handbook* they submitted to the EC and requested the status of the translation as they have not received an official endorsement. It was explained that the Executive Committee discussed the Russian translation of the *GIPS Handbook* today and will provide a proposal on how to proceed with this translation.

The EMEA RIPS Chair thanked the EMEA RIPS members for their input, participation as well as their comments prior to the meeting.

6. Update from Interpretations Subcommittee

Mr. Senik reported the efforts over the past six month of the Interpretations Subcommittee concentrated around the development of the 2010 edition of the GIPS Standards.

The Interpretations Subcommittee also worked on ad hoc Q&As from the various GIPS subcommittees and working groups and provided feedback to the EC on several USIPC best practices papers.

Mr. Senik reported that the Subcommittee has developed or revised a number of Q&As providing helpful interpretations relating to the 2010 edition of the GIPS standards which have been published in the Q&A library on the GIPS website.

Mr. Senik listed a few of the topics of the recently issued Q&As dealt with:

- composites with pension funds and mutual funds;
- carve outs;
- the application of the Error Correction Guidance Statement; and
- disclosures on benchmark changes.

He mentioned that there is a backlog of Q&As and the Interpretations Subcommittee will now begin to address them since the 2010 edition of the GIPS standards has been finalized.

Mr. Senik reported that the Interpretations Subcommittee began to revise the Guidance Statements in 2009 but was interrupted by the need to develop Q&As for the 2010 edition. Some of the Guidance Statements have been substantially revised, while review of others has been temporarily placed on hold. The Guidance Statements will be reviewed during the coming months with the objective of completing any needed revisions by the end of the year. Mr. Senik mentioned that supplemental information and alternative investment strategies are two of the highest priority guidance statements.

It was reported that the EC has reviewed many of the Q&As developed by the Interpretations Subcommittee during the past two days and will provide an update on their progress at the open EC meeting tomorrow.

EMEA RIPS members were reminded that they can search for Q&As by date and access all the recently issued Q&As after a certain date.

7. GIPS Applicability

Mr. Schliemann and Mr. Morrison presented information on the applicability of the GIPS standards to:

- retail clients;
- institutional clients;
- private clients; and
- family offices or high-net worth individuals.

Mr. Schliemann mentioned that in Germany there has been interest shown by family offices to become GIPS compliant or requesting information about the GIPS standards. Mr. Schliemann said that retail investors cannot buy a composite and the information contained in a GIPS compliant presentation would not be meaningful and there could also be a legal problem with the MiFID regulations.

Mr. Morrison reported that he and Mr. Boersma met with the Financial Services Authority (FSA) UK regulatory agency regarding UCITS and KID and to discuss any synergies that could be accomplished between the 2010 edition of the GIPS standards the FSA. He stated it was clear that the FSA is and will remain retail focused. Mr. Morrison reported that CESR stated that the GIPS framework, performance presentation in its current form, is not useful or workable for retail investors. He stated that the best that can be potentially hoped for is to continue meetings, dialogue, and fraternization with regulators and have them recognize the GIPS standards, in its current form, as an example of best practices.

Mr. Morrison said that there would need to be some profound changes made to some of the basic cornerstones of the GIPS standards before they would be unilaterally applicable for retail investors. However, there are asset management firms who are institutional focused with retail clients that are GIPS compliant. Mr. Morrison plans to find out from asset management firms in the UK how this is accomplished and report back to the EMEA RIPS members.

Mr. Senik mentioned that he does not understand the response from CESR as it is not a problem in Switzerland for firms with retail investors to become GIPS compliant.

Ms. Wegnez inquired about the future added value of GIPS and using GIPS now. There are problems in Belgium using composites presentations with the MiFID regulations. She suggested considering the product and not the composite in the GIPS standards now and report GIPS compliance to investors and not only to prospective clients. Ms. Wegnez said an image (stamp) could be used to illustrate compliance with MiFID, UCITS as the legal minimum and use the GIPS image to show compliance with the best market practice. Mr. Senik stated that the Interpretations Subcommittee would reply that a firm can always create a composite for just one fund or for one mandate, if it is appropriate. Then the product would be equal to the composite.

It was mentioned that the survey that the Regulator Relations Working Group is developing will be very useful to compare what is required by various regulators in the local markets. It was suggested that Ms. Wegnez should work with Mr. Schliemann and Mr. Hein on the drafting survey for the Regulator Relations Working Group.

It was mentioned that in regarding marketing a firm's performance, the GIPS standards clearly state that a prospective client has to be provided a GIPS compliant presentation. The EC has discussed the reported practice of some firms in certain countries where a non-compliant presentation is prepared and includes a statement that a GIPS compliant presentation is available upon request. It was stressed to the EMEA RIPS members to be aware that this is not in compliance with the GIPS standards. EMEA RIPS members were requested to address this with

any firms in their local market that are following this practice and make them aware that they are not complying with the GIPS standards.

It was suggested that the issue of applying the GIPS standards to retail investors should be added to the GIPS Strategic Plan. The EMEA RIPS Chair will communicate this suggestion to the EC.

8. Update from Alternative Investments and Risk Working Groups

o Alternative Investment Strategies Working Group

Mr. Senik reported that the Alternative Investment Strategies Working Group drafted the Alternatives Guidance Statement last September. The work on this Guidance Statement was then put on hold to concentrate on the 2010 edition of the GIPS standards and other priorities. The Working Group presented the draft Alternatives Guidance Statement to the Interpretations Subcommittee in March to obtain a general approval of the direction, in terms of the strategy and the philosophy. The draft Alternatives Guidance Statement was submitted to the EC for their review and feedback on the strategic direction and whether to incorporate crucial topics such as the application of side pockets by hedge funds and GIPS compliance.

Mr. Morrison mentioned that the EC is comfortable with the direction of the Alternatives Guidance Statement. Discussion regarding the topics such as side pockets, performance fees, and valuation will slow down the review process. The Working Group is paying special attention to the regulation developments surrounding hedge fund standards. He reported that it was hoped that the Hedge Fund Standards Board would endorse the GIPS standards as an example best practices, but they did not as the strategies do not readily lend themselves to the GIPS standards. So they set out to recognize some of the more unique characteristics of traditional instruments and their use in alternative strategies. Mr. Morrison reporting that after the Alternatives Guidance Statement is finalized, the Hedge Fund Standards Board will be willing to review it again and with the explicit intention of having them endorse the GIPS standards as an example best practices which would be an enormous benefit bilaterally. He also mentioned that the alternatives regulation due to come out in Europe will be reviewed for any conflicts with the Alternatives Guidance Statement.

Mr. Senik mentioned that it is planned to complete the Alternatives Guidance Statement by mid-2010 and to release the Guidance for public comment.

It was mentioned that more information will be provided at the EC open meeting tomorrow on the Alternatives Guidance Statement.

o Risk Working Group

Mr. Morrison reported that the Risk Working Group is also very conscious of regulations regarding risk in the financial industry. He mentioned the development of the risk guidance was also put on hold until the finalization of the 2010 edition of the GIPS standards. The Working Group has put together an index of guidance on the risk paper. The scope the Working Group is currently considering for the risk guidance is:

- risk relating to making and maintaining of investments such as liquidity counterparty of quantitative and qualitative risks;
- discussion risk provision; the applications of the risk provisions; the relationship between the risk provisions, the risk guidance, and regulatory requirements;
- discussion on systemic and quantitative risks;
- the determination of appropriate risk measures (e.g., alternatives);
- calculation concepts;
- timeframes;
- periodicity;
- normalization returns;
- treatment of fees;
- selection of a risk free rate;
- single period versus multiple;

- reporting; the relevance and reference with recordkeeping; valuation;
- the existence of risk policy documents; and some sample presentations with examples of recognized methodologies, not prescribed methodologies; and
- examples of the methodologies.

Mr. Morrison requested feedback from the EMEA RIPS members on whether they believe the risk guidance is headed in the right direction.

Mr. van Eijk mentioned that after the crisis, the Dutch regulator is now intervening on valuations and risks taken by pension funds. In some cases the Dutch regulator has actually prescribed which valuation will be used and substantially impacts the performance.

The Regulator Relations Working Group was requested to consider adding risk regulations to the Country Sponsor survey being drafted as well as performance regulations.

9. Promotion & Awareness Subcommittee Requests Feedback

Ms. Klemm provided an update on the GIPS Promotion & Awareness Subcommittee's activities. She reported that a Country Sponsor website template has been completed and will be distributed to Country Sponsors next week.

A template press release announcing the 2010 edition of the GIPS standards was distributed to all Country Sponsors for customization for media distribution in their local markets.

The GIPS Email Alert now distributes informative articles on the GIPS standards. Ms. Klemm mentioned that EMEA RIPS members are invited to submit their articles.

The *GIPS Today* PowerPoint presentation has been updated to reflect the changes of the 2010 edition of the GIPS standards and the new requirements effective 1 January 2011 and will be distributed next week. Ms. Klemm explained that the *GIPS Today* presentation is a slide library for Country Sponsors to utilize in preparing presentations for their local use.

Ms. Klemm mentioned that to further enhance the *GIPS Today* presentation, the Subcommittee would like Country Sponsors to provide information on their interaction with their local regulators. Does your local regulator know about the GIPS standards, what specific initiatives or actions have they taken regarding the GIPS standards? She suggested that these questions could be included in the survey that the Regulator Relations Working Group is developing.

It was mentioned that the *GIPS Today* presentation currently has regulator information from two countries: Switzerland and the United States. The Promotion & Awareness Subcommittee would like to include all the GIPS countries.

Mr. Schliemann suggested a survey to determine the number of firms that claim compliance in the different countries. Ms. Klemm responded that the Promotion & Awareness Subcommittee would also like to find out compliance information and to include that information in the *GIPS Today* presentation. Ms. Klemm will ask the Promotion & Awareness Subcommittee to draft questions regarding firms' compliance and verification rates, and provide those questions to the Regulator Working Group to include in their questionnaire.

Mr. Morrison mentioned that he will be meeting with a commercial body that holds the data behind all the investment consultant databases. Mr. Morrison will provide data information from the investment consultant databases in the near future.

It was explained that Country Sponsors are encouraged to use the *GIPS Today* presentation as a template and as a slide library to be modified specifically for different audiences.

10. Country Sponsor Enforcement Efforts

Ms. Mulder reported that she is ready to form an Enforcement Working Group and asked Country Sponsors to submit names of volunteers interested in serving on the Enforcement Working Group. The Enforcement Working Group will be working on providing information on enforcement efforts a Country Sponsor can consider and suggestions to use in interacting with regulators.

11. Discuss and Feedback on USIPC Paper

USIPC Model, Hypothetical, and Backtested, Performance Paper

The EMEA RIPS members reviewed the USIPC Model, Hypothetical, and Backtested, Performance Paper.

EMEA RIPS members were encouraged to send any comments on the USIPC Model, Hypothetical, and Backtested, Performance Paper either verbally or by email to the USIPC representative, Mr. McAra.

12. Country Sponsor Update Reports on Activity

Dr. Illmer thanked the Country Sponsors for providing their update reports on their activities.

Austria:

- Requested presentation materials that reflect the changes in the 2010 edition of the GIPS standards which they will translate into German. CFA Institute staff will email a copy of the *GIPS Today* presentation to the Austria Country Sponsor.

Ireland:

- The Ireland Country Sponsor has a survey ready to go out to their members and want to know when the Promotion & Awareness Subcommittee's questions regarding compliance and verification rates will be sent to Country Sponsors. If it is within the next few days they can incorporate those questions into their survey.
- The Ireland Country Sponsors has formed their own working group on client reporting and requested an update on the client reporting working group as part of the GIPS initiative. Dr. Illmer responded that CFA Institute has agreed to support and draft a working paper on client reporting. A working group is being formed outside of the GIPS initiative and any members interested in volunteering should contact CFA Institute staff. Dr. Illmer reported that he gave a presentation at the 2010 European GIPS standards Conference in London last month on client reporting and he will email a copy of the presentation to the Ireland Country Sponsor.

Ukraine:

- The Ukraine Country Sponsor representative reported that the Ukraine Securities and Exchange Commission is similar to the other European regulators. They are aware of the GIPS standards generally due to the local Country Sponsor's seminars, conferences, and articles. The Ukraine Country Sponsor invited the Ukraine regulators to the GIPS conference two years ago but they hesitated to attend.
- It was explained that asset management companies report to the Ukrainian Securities and Exchange Commission based on the Net Asset Calculation Paper. The Ukraine Country Sponsor is working on making the Net Asset Calculation Paper more appropriate and discussing revisions of the Paper with the Ukrainian regulator. When the Net Asset Calculation Paper is revised asset management firms in the Ukraine can then consider compliance with the GIPS standards.

13. Other Business

Solicit Volunteers for EMEA RIPS Chair and Investment Manager Subcommittee Chair

EMEA RIPS members were reminded that the Investment Manager Subcommittee Chair and the EMEA RIPS Chair positions will rotate on 1 September 2010 and Country Sponsors are encouraged to submit interested nominees. It was reported that the deadline to submit nominees for the Investment Manager Subcommittee Chair is 1 April 2010. The call for EMEA RIPS Chair nominees will go out next week and the nomination period will be for 30 days. It was explained that only Country Sponsors can submit nominees for the EMEA RIPS Chair position

but anyone can submit a nominee for the Investment Manager Subcommittee Chair, which is a technical subcommittee.

GIPS Logo Usage by Firms

It was reported that an update on the GIPS Logo Usage by firms will be presented at the EC open meeting, and the final document is ready to be distributed.

14. Future meeting dates

- 2010 RIPS EMEA in-person meeting in November

Dr. Illmer requested Country Sponsors who are interested in hosting the November 2010 EMEA RIPS in-person to contact him and Ms. Kent to begin the planning process.

- 2011 March GIPS meetings will be held in Zurich, Switzerland. The dates are to be determined.

Mr. Boersma announced that Ms. Kaiser from the CFA Institute staff will be working out of the London office for three months, starting in May. Country Sponsors interested in meeting with Ms. Kaiser in London or that would like her to visit their country to discuss the GIPS standards should contact Mr. Boersma.

Observer Comments:

Mr. Le Fanu, NAPF (National Association of Pension Funds), announced to the EMEA RIPS members that he is on the NAPF staff and will be taking over from Mr. Gould. The NAPF has been involved in performance reporting for a very long time and is a member organization of UKIPC and serve as the Country Sponsor secretariat. He reported that the NAPF is happy with their status as Observer at the EMEA RIPS meetings. Mr. Le Fanu mentioned that the NAPF is a member of the EFRP (European Federation for Retirement Provision) and will serve as the contact from the EMEA RIPS.

Dr. Illmer thanked Mr. Le Fanu for the offer to serve as a contact with the EFRP, and to serve as a representative of the NAPF in attending the EMEA RIPS meetings as an observer on a consistent basis which shows their strong support. Dr. Illmer expressed his thanks to Mr. Gould for his previous service and wished Mr. Le Fanu all the best in his new role.

Ms. Guaua-Audibert, France, proposed seeking the approval of the EMEA RIPS members before approaching any organization about their interest in becoming an Associate Member. Dr. Illmer said that this is a good point. He mentioned that the list of potential Associate Member organization was developed in the past very informally. Dr. Illmer requested EMEA RIPS members to decide whether they like the informal process or if there should be a more formal process in determining which organizations should be approached as potential Associate Members of EMEA RIPS.

Mr. van Eeuwijk, EFFAS, stated that he supported the proposal to have a more formal process and to seek the approval of EMEA RIPS members before approaching an organization regarding Associate Membership.

Mr. Morrison, United Kingdom, announced that this is the last EMEA RIPS in-person meeting for Dr. Illmer as the EMEA RIPS Chair and wished to thank him for all his hard work and dedication to the GIPS initiative.

Dr. Illmer stated that he remembers fondly his first meeting of the EIPC and that over the years it has become a second job working for the GIPS standards. He thanked everyone for their contributions and stated that he hopes to see everyone next March in Switzerland.

Adjourned at 4:52 p.m.