



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

Date: Friday 25 March 2011

Location: In-Person Meeting – Zurich Switzerland

Time: 1:00 p.m. to 5:00 p.m.

Members Present: Carl Bacon, CIPM – EC Chair and Verification/Practitioner Chair
Jonathan Boersma, CFA – GIPS Executive Director
Louis Boulanger, CFA – GIPS Council Chair
Todd Juillerat, CFA – Americas RIPS Chair
Colin Morrison – Investor/Consultant Chair
Trevor Persaud – Asia Pacific RIPS Chair
Dimitri Senik, CFA – EMEA RIPS Chair
Karyn Vincent, CFA, CIPM – Interpretations Chair

Members Absent: Iain McAra – Investment Manager Chair

Observers: Cecilia Storniolo – Australia
Chris Muyldermans – Belgium
Garvin Deokiesingh, CFA – Canada
Deng Yingling – China
Yang Xiaobing – China
Zhao Bing – China
Lars Bejerre Hansen – Denmark
Alain Ernewein – France
Herbert Jobelius – Germany
Joachim Hein – Germany
Hans Pieper – Germany
Martin Schliemann – Germany
Nikos Konstantakis, CFA, CIPM – Greece
Yiannis Ritsios, CFA – Greece
Karl Lung, CFA – Hong Kong
Joe O’Donnell – Ireland
Kazumichi Karita – Japan
Yoh Kuwabara – Japan
Emilio Maffi – Italy
Alessandro Rota – Italy
Dias Sarsenov – Kazakhstan
Shin Dong Jun – Korea
Adrian Doswald – Liechtenstein
Christoph Weder – Liechtenstein
Justin Ong – Luxembourg
Daniel Roland – Micronesia
Mark van Eijk – The Netherlands
Peter McCaffrey – New Zealand
Jørn Gunnar Kleven – Norway
Mir M. Ali, CFA – Pakistan
João Cantiga Esteves – Portugal
Michael Lim – Singapore
Sunette Mulder – South Africa
Miquel Mora, CIPM – Spain
Prassanna S.R. Casie Chitty, CFA, CIPM – Sri Lanka
Jonas Arsjo – Sweden
Corinne Bär – Switzerland
Christain Caperos – Switzerland
Martine Dols – Switzerland
Thomas Egger – Switzerland
Gabor Fuger – Switzerland
Tobias Ganz – Switzerland
Oliver Haechler – Switzerland
Michael Helwig – Switzerland
Beat Herger, CFA – Switzerland
Peter Hirt – Switzerland
Christoph Hug – Switzerland
Philippe Keller – Switzerland
Susanne Klemm – Switzerland
Doris Kohutek – Switzerland
Francois Koster – Switzerland
Philipp Krütli – Switzerland
Sebastian Manthei – Switzerland
Samuel Muerner – Switzerland
Miriam Munari – Switzerland
Timo Noethiger – Switzerland
Savas Oyun – Switzerland
Didier Reymond – Switzerland
Mattias Scherrer – Switzerland
Bernard Schneider – Switzerland
Julia Constanze Vollert – Switzerland
Hans-Joerg von Euw – Switzerland
Mireille Petitjean, CFA – Switzerland
Daniel Weber, CFA – Switzerland
Dr. Liudmyla Zhurakhovska – Ukraine
Brian Chapman – United Kingdom
Julian Le Fanu – United Kingdom
Ann Putallaz, CIPM – United States

Staff Present: Fannie Fang, CFA, CIPM – Director, Global Investment Performance Standards
Polly Johnson – Administrative Assistant
Beth Kaiser, CFA, CIPM – Director, Global Investment Performance Standards
Ken Robinson, CFA, CIPM – Director, Global Investment Performance Standards
John Rogers, CFA – President and Chief Executive Officer

Action Items

- Country Sponsors were encouraged to contact CFA Institute staff via e-mail or telephone if they have questions concerning any of the working groups.
- CFA Institute staff will post agendas of working groups on the GIPS standards website going forward.
- CFA Institute staff will perform a review to determine if the announcement of openings on subcommittees and working groups is sufficiently highlighted for Country Sponsors.
- CFA Institute staff will post the GIPS Strategic Plan after it has been revised on the GIPS standards website.
- CFA Institute staff will review the GIPS Strategic Plan to determine if there are projects GIPS Council members, RIPS members, or Country Sponsors could assist with and be assigned.
- CFA Institute staff will add an item on the GIPS Strategic Plan to explore the feasibility of providing a framework of guidance on composite definition.
- CFA Institute staff will add an item on the GIPS Strategic Plan to review the Advertising Guidelines, as a priority one, and consider making the Guidelines more user friendly.
- Country Sponsors were requested to provide additional topics for webcasts to the Executive Committee.
- Country Sponsors were encouraged to provide their comments, both positive as well as negative, on the Guidance Statement on Alternative Investment Strategies and Structures prior to the deadline of 15 June 2011.
- Country Sponsors were asked to encourage firms in their local markets (e.g., trade bodies, individuals, or individual companies) that are influential in the areas that are covered by the Guidance Statement on Alternative Investment Strategies and Structures to provide practitioner comments.
- Meeting participants were encouraged to propose any ideas and interpretations that they believe should be included in the Guidance Statement of Risk.
- Meeting participants were encouraged to nominate real estate specialists as volunteers for the Real Estate Working Group.
- The Executive Committee will determine when and how a firm should apply new guidance to avoid opportunism when a firm has developed a procedure for dealing with an issue that was void of guidance.

Decision Points

- Executive Committee members agreed that the working group agendas will be posted on the GIPS standards website to keep Country Sponsors informed on their activities.
- Executive Committee approved the revised Working Group Terms of Reference document subject to the agreed revisions. (8 Votes)
- Executive Committee unanimously selected Mr. Juillerat to be the incoming Promotion & Awareness Subcommittee Chair as of 1 September 2011.

Mr. Bacon welcomed everyone to the open in-person meeting of the GIPS Executive Committee. He expressed his thanks to the Swiss and Liechtenstein Country Sponsors for their warm welcome, for their commitment of time, and attention to detail to assist with the organization of the in-person GIPS meetings in Zurich.

Participants were notified that the meeting is being recorded and will be posted as an audio recording on the GIPS standards website along with a copy of the Executive Committee Open Minutes.

1. Approve GIPS Working Group Draft Terms of Reference

It was reported that Executive Committee members reviewed the revised draft Working Group Terms of Reference document at their closed meeting on Wednesday and a few minor edits were made.

A proposal was made by the EMEA RIPS for the working group agendas to be posted on the GIPS standards website to keep Country Sponsors informed on their activities.

The proposal was discussed whether to post working group agendas on the GIPS standards website. It was mentioned that the Working Group Update Reports that are submitted in March and September are available in the meeting materials for all in-person meetings and may contain more detailed information on the working group's activities. Country Sponsors were encouraged to contact CFA Institute staff if there are questions concerning any of the working groups via e-mails or telephone calls.

Executive Committee members agreed that the working group agendas will be posted on the GIPS standards website to keep Country Sponsors informed on their activities.

It was mentioned that the main issue of confidentiality regarding the work of the working groups is to prevent draft documents or misinformation from being circulated before finalization and causing confusion.

It was reported there is a perception by one of the Country Sponsors that they are not asked to actively participate in the working groups and that working groups members are appointed by the Executive Committee or the technical subcommittees. It was stated that it is standard practice to announce openings on the working groups to Country Sponsors as well as other members of the industry. CFA Institute staff will perform a review to determine if the announcement of openings on subcommittees and working groups is sufficiently highlighted for Country Sponsors.

It was noted that the document is consistent with the Terms of Reference documents for the other Subcommittees. The revisions to the Working Group Terms of Reference document were reviewed.

Section 4. Confidentiality will be revised to read as follows:

“4. Confidentiality

Members must keep all matters of the Working Group confidential, including projects undertaken and positions under consideration until the information is made public or otherwise released by the ~~EC~~ Executive Director. This includes refraining from communicating to any external party any non-public information, including working papers or any other documents of the Working Group that may be obtained by serving as a member of the Working Group without the ~~written~~ permission of the ~~EC~~ Executive Director.”

Section 6 Process and Timetable, bullet 2 will be revised to read as follows:

- “The Chairs of the Working Groups will provide their Working Group Update Reports to be included with the GIPS EC Subcommittee Update Reports that are presented as materials for the GIPS Executive Committee Open Meetings.”

The Executive Committee approved the revised Working Group Terms of Reference document subject to the aforementioned revisions. (8 Votes)

2. Review of GIPS 2015 Strategic Plan

There was a brief overview of the GIPS 2015 Strategic Plan. It was mentioned that the year 2015 is not an indication that a revision of the GIPS standards will be published, but that 2015 is the horizon of the GIPS Strategic Plan. The Strategic Plan is a living document that will change continuously impacted by external stimulus, internal issues, priorities, resources, etc.

It was mentioned that Executive Committee members held lengthy discussions during their closed meetings on the GIPS Strategic Plan and changes were made to the document. Once the GIPS Strategic Plan is revised to incorporate the recent changes, it will be posted on the GIPS standards website.

The Strategic Plan will provide insight on the priorities determined by the Executive Committee on the various projects to be undertaken over the next several years. It was stated that some projects with lower priority ratings may be completed sooner depending upon the resources being available. It was reported that projects with a priority one rating are the most important and that there are a number of priority one projects. Consequently, these priority one projects will be further ranked to determine the order they will commence and which group will be assigned a particular project.

One Country Sponsor representative suggested that GIPS Council, RIPS, or Country Sponsors could be utilized to work on some of the GIPS Strategic Plan projects to facilitate some items moving forward. The GIPS Strategic Plan will be reviewed to determine which projects GIPS Council members, RIPS members, or Country Sponsors could assist with and be assigned.

It was suggested and agreed to add the review of the Advertising Guidelines as a priority one item on the GIPS Strategic Plan and to consider making the Guidelines more user friendly and not as cumbersome.

It was also suggested to include a question in the planned compliance survey to Country Sponsors requesting feedback on applying the Advertising Guidelines to find out if a revision is necessary.

It was suggested that the review of the Advertising Guidelines could be part of the retail project, as advertising is a core issue related to the GIPS standards being more applicable to the retail industry.

It was suggested and discussed whether to provide more guidance on composite definition. Problems with composite definition tend to be a country specific issue and might be better addressed at the country level. It was stated that there should be comparability for the global market on composite definition and that this is a regulator outreach issue.

Executive Committee members agreed to add an item on the GIPS Strategic Plan to explore the feasibility of providing a framework of guidance on composite definition.

In discussing Item 5.2 – “Increase the number of Country Sponsors, specifically focusing on the Middle East, Latin America, China, and India.” of the GIPS Strategic Plan, it was noted this area should be assigned to RIPS chairs within their region, combined with efforts of CFA Institute staff, and also to utilize assistance of Country Sponsors. It was reported that the Spain Country Sponsor recently provided additional information to a potential Country Sponsor in Latin America.

It was reported that the next step in developing the GIPS Strategic Plan is to build out each item with a thorough description and determine what the next steps are in order to achieve the goal.

It was mentioned other top priorities of the GIPS Strategic Plan are to provide guidance on: multiple-asset portfolios, asset categories (e.g., timber), use of IRR, private debt, currency, overlay portfolios, etc. Another important priority is the ongoing review of the governance structure along with the Country Sponsors to ensure efficient and effective operations.

Regarding item 6.3 – “Develop plan for providing education and resources for Country Sponsors and asset owners.” it was discussed creating a presentation similar to the *GIPS Today* that would be useful for the asset owners to assist them in interpreting the information that is being presented.

It was reported that some Country Sponsors have mentioned that Item 6.5 – “Develop webcasts to provide educational opportunities to the industry. Topics include: Becoming Compliant, Real Estate, Private Equity, Wrap Fee/SMA, and Verification.” will be very useful to those with limited resources and can be leveraged in their local markets. Country Sponsors were requested to provide additional topics for webcasts to the Executive Committee. One suggestion that has already been made is to develop a case study on “Coming into Compliance with the GIPS standards”.

3. Update on New/Revised Guidance/Interpretation

Guidance Statement on Alternative Investment Strategies and Structures

It was reported that the Guidance Statement on Alternative Investment Strategies and Structures was released for public comment earlier this month on the GIPS standards website. Country Sponsors were encouraged to provide their comments on the Guidance Statement prior to the deadline of 15 June 2011. It was mentioned that initially the guidance was developed with a focus on hedge funds and later the scope was expanded to cover a broader spectrum of alternative strategies. Questions were highlighted where specific feedback is requested in the Exposure Draft of the Guidance Statement on Alternative Investment Strategies and Structures.

- Do you agree with the proposed requirements related to the frequency of portfolio valuations? Why or why not?
- Do you agree with the proposed treatment of estimated versus final values? Do you support different guidance for pooled funds and managed portfolios? Do you agree with requiring the disclosure of the use of estimated values? Why or why not?
- Do you agree with the proposed treatment of gross-of-fees returns and net-of-fees returns for mater-feeder structures? Why or why not?

It was mentioned that the Guidance Statement on Alternative Investment Strategies and Structures is silent on performance fees which is a project being considered in the GIPS Strategic Plan.

- Do you agree with the proposed treatment of side pockets? Why or why not?
- Should a firm be required to disclose the creation of a side pocket in all instances? Or, only when a side pocket is created to hold non-discretionary assets that are no longer reflected in composite performance? What should be required to be disclosed?
- Do you agree with proposed treatment of illiquid investments? Why or why not?
- Should portfolios managed with *discretionary* leverage be allowed to be deleveraged for inclusion in composite performance? Why or why not?
Should portfolios managed with *nondiscretionary* leverage be allowed to be deleveraged for inclusion in composite performance? Why or why not?
- Should firms be allowed to adjust portfolio and composite performance for double counting of assets? Alternatively, do you agree that firms should be prohibited from recalculating portfolio and composite performance to eliminate double-counted assets? Why or why not?
- When presenting net-of-fees returns, firms are allowed to reduce gross-of-fees returns by the actual investment management fee incurred by each portfolio or a model fee. The model fee must be the highest investment management fee incurred by portfolios in the composite.
- Should firms also be allowed to present net-of-fees returns that are reduced by a model fee which is the maximum investment management fee applicable to the prospective client, even if it is not the highest investment management fee that is incurred by portfolios in the composite? Why or why not?

Country Sponsors were asked to encourage firms in their local markets (e.g., trade bodies, individuals, or individual companies) that are influential within the areas that are covered by the Guidance Statement on Alternative Investment Strategies and Structures to provide practitioner comments. Everyone was encouraged to read through the Guidance Statement on Alternative Investment Strategies and Structures and comment on the sections that do apply to them. Meeting participants were also directed to pay special attention to the second paragraph under the sub-heading Executive Summary of the Exposure Draft which states:

“The Guidance Statement applies to alternative investment strategies and structures that a firm may not typically consider to be an alternative strategy or portfolio structure. All firms claiming compliance with the GIPS standards must consider this Guidance Statement as well as all of the provisions, guidance, and interpretation of the GIPS standards.”

It was mentioned that there are further alternative-style assets classes (e.g., timber) that need to be addressed but they will be dealt with separately so that this guidance can be provided to the industry as quickly as possible.

Meeting participants were encouraged to provide positive as well as constructive comments on the Guidance Statement on Alternative Investment Strategies and Structures.

Guidance Statement on Risk

An update was provided on the development of the Guidance Statement on Risk currently underway by the Risk Working Group. Meeting participants may obtain a copy of the *Risk Guidance Update* presentation that was given at the EMEA RIPS in-person meeting from Mr. Morrison. It was mentioned that a starting point for the risk guidance was a paper prepared by the Buy Side Risk Managers Forum and Capital Market Risk Advisors, Inc. titled, *Risk Principles for Asset Managers* http://www.cmra.com/docs/Risk_Principles_for_Asset_Managers.pdf which has stood the test of time. The Working Group researched regulatory rules and requirements regarding risk and met with a number of industry practitioners to obtain further insights. It was mentioned that risk guidance is evolutionary and will change over time as the market changes. It was mentioned that examples will be provided but the intent is not to have firms disclose a laundry-list of potential risks.

It was reported that Guidance Statement on Risk is currently being finalized and it is anticipated that the Exposure Draft will be released for public comment by the end of the second quarter of this year. Meeting participants were encouraged to propose any ideas and interpretations that they believe should be included in the Guidance Statement of Risk.

It was reported that within the Guidance Statement on Alternative Investment Strategies and Structures that risk is briefly mentioned that there may be additional risk measures that are needed and useful in the context of alternatives. There are some examples listed in the Guidance Statement on Alternative Investment Strategies and Structures and it is expected that the risk guidance will provide more substantive advice on the issue.

Guidance Statement on Performance Examination

It was reported that the Executive Committee reviewed, made further revisions, and approved the Guidance Statement on Performance Examination to be released for a 90-day public comment period. The Guidance Statement will be finalized and released in the near future.

It was stated that the Guidance Statement on Performance Examination contains greater clarity in the language and more explicit requirements of verifiers which should lead to better consistency and reduce risk across the industry.

Guidance Statement on Verifier Independence

A brief update was provided on the Guidance Statement on Verifier Independence which is currently being revised by the Verification/Practitioner Subcommittee. It was stated that once the revision is completed the Guidance Statement on Verifier Independence will be forwarded to the Executive Committee for their review and approval, along with a recommendation by the Subcommittee on whether the document should be released for a public comment period.

Q&As

It was reported that the Interpretations Subcommittee has been working on updating the Q&A database to be consistent with the 2010 edition of the GIPS standards as well as adding language to make it more consistent with the revised guidance statements. It was mentioned that the Real Estate and Private Equity Working Groups will work on updating their relevant Q&As. The goal is update all Q&As on the database in preparation for the new GIPS standards website platform that is being created. The new GIPS standards website will enable visitors to see the new version of a Q&A with a link to the former

version of the Q&A which will be archived. It was explained that the Q&A database is important, and also that the Q&As are a large portion of the *GIPS Standards Handbook*.

GIPS Standards Website Update

It was announced that the GIPS standards website is being updated, particularly to add functionality to the GIPS Q&A database. It is anticipated that the new modifications will be completed in the near future.

GIPS Standards Handbook Update

It was reported that the process of updating the *GIPS Standards Handbook* is also underway. It was mentioned that the goal in the GIPS Strategic Plan is to have all the interpretation documents (e.g., Q&As, Guidance Statements, *GIPS Standards Handbook*, etc.) updated by the end of the year.

It was stated that updating the *GIPS Standards Handbook* is a major undertaking and must be done with great care as it is authoritative guidance. It was explained that there is a process by which authoritative guidance is approved and issued and that releasing the *GIPS Standards Handbook* for a public comment period is not reasonable. The majority of the content in the *GIPS Standards Handbook* comes directly from the Guidance Statements and Q&As which have gone through the formal process. There are a few new provisions in the 2010 edition of the GIPS standards where an explanation does not already exist and that will be developed with careful attention to the content so that no new requirements will be introduced.

It was explained that the vetting process for revising the *GIPS Standards Handbook* is that the Interpretations Subcommittee will review and revise the current *GIPS Standards Handbook* and present a final draft of the entire document to the Executive Committee for approval at a later date. It is anticipated that a final draft of the *GIPS Standards Handbook* will be sent out to the Country Sponsors prior to the approval of the document. It was mentioned that a final draft of the *GIPS Standards Handbook* will be forwarded to the Executive Committee for approval after the Country Sponsors' review.

Retail

It was reported that there is a plan to develop guidance on applying the GIPS standards to retail products. It was stated that applying the GIPS standards to retail products is not as straight forward, but it can be done. The intent is not to force the GIPS standards on all retail products, but rather to provide assistance to compliant firms that have retail products.

There was a lengthy debate by Executive Committee members on the challenges and the benefits of developing retail guidance for the GIPS standards. It was mentioned at a RIPS meeting that one of the benefits, in certain countries, will be addressing total return benchmarks. It was reported that some firms are comparing a total return for their product versus a price-only return of the benchmark, which is misleading.

It was stated that the GIPS standards are an ethical standard and asset managers making fair and ethical presentation of their performance, and this also applies to retail managers.

4. EC Subcommittee Update Reports

The EC Subcommittee Update Reports were submitted in writing and are posted on the GIPS standards website as part of the in-person meeting materials.

5. Other Business

Market Research Data

It was noted that the subject of Market Research Data was covered thoroughly at the GIPS Council in-person meeting earlier.

Promotion & Awareness Subcommittee Chair

The current Chair of the Promotion & Awareness Subcommittee, Ms. Mulder, will complete her term in September 2011. It was announced that Executive Committee unanimously selected Mr. Juillerat to be the incoming Promotion & Awareness Subcommittee Chair as of September 2011.

Mr. Bacon expressed his thanks to Ms. Mulder for all her hard work and efforts as the Chair of the Promotion & Awareness Subcommittee.

It was mentioned that the Promotion & Awareness Subcommittee Chair does not have a seat on the GIPS Executive Committee and is not an elected position nor does it go through the nomination process. In the past, the Chair of this subcommittee has been an Executive Committee member or an immediate past member. The Executive Committee believes that it is important that the Chair of the Promotion & Awareness Subcommittee be closely connected to the Executive Committee.

Update on GIPS EC In-Person Meetings

It was announced that the next GIPS EC in-person meetings will be in the Asia Pacific region on 21, 22, and 23 September 2011 along with an Asia Pacific RIPS in-person meeting.

It was stated that the location for the March 2012 GIPS in-person meetings has not yet been determined.

Sunset Provisions

It was mentioned as a reminder to the Executive Committee to consider sunset provisions for certain disclosures that may lose pertinence or materiality after a period of time. It was suggested that firms should not be required to disclose information for more than ten years as the GIPS standards only require firms to show a track record of ten years.

It was stated that a question about discontinuing disclosures was included in the Exposure Draft of the 2010 edition of the GIPS standards seeking public feedback. It was reported that a thorough disclosure by disclosure review was conducted and it was difficult to definitively determine the disclosures that may no longer be relevant or material.

Mr. Boersma extended his personal thanks to Mr. Juillerat and Ms. Vincent for their service and dedication over so many years. He stated that it has been a great pleasure and honor to work with them. The GIPS Executive Committee has benefitted greatly from their participation. Mr. Boersma thanked Mr. Juillerat and Ms. Vincent on behalf the GIPS Executive Committee members, CFA Institute staff, and CFA Institute.

Observers Questions

Ms. Muyltermans, Belgium, mentioned that the firm where she is employed is compliant with the GIPS standards, but not in regard to their retail clients. She stated that though they experience no demand from retail clients towards (performance) standardization; in the end it might be a good idea to introduce the GIPS standards for retail clients, but today is not the right timing. Ms. Muyltermans explained that the industry in general and the UCITS asset managers, in particular, are facing a regulation agenda of an unprecedented scale. UCITS managers now have to apply UCITS requirements, putting pressure on their operations. Ms. Muyltermans suggested that the GIPS standards could provide a retail standard when there is a review of the UCITS in two years.

Mr. Bacon responded that these are useful comments and remarks. He mentioned that any work developed by a working group would be released for public comment and there will be other opportunities to provide feedback and input.

Mr. Karita, Japan, expressed his heartfelt gratefulness to the GIPS Executive Committee, especially to Ms. Vincent and Mr. Juillerat for their excellent contributions. He wished them all the best in the future. Mr. Karita requested the Executive Committee members not to make their Guidance Statements very lengthy.

Mr. von Euw, Switzerland, mentioned that the economic power of countries worldwide is shifting in the direction of the “BRICS” (i.e., Brazil, Russia, India, China, and South Africa) countries. He asked if there is a strategic plan for the Executive Committee to address these countries in order for the GIPS standards to remain strategically important. Mr. von Euw inquired who has the responsibility for working with Brazil, India, and China.

Mr. Boersma explained that there is quite a bit of activity in Latin America currently, specifically with Mexico, Columbia, Peru, and Brazil that have expressed their interest in the GIPS standards. He stated that work with Brazil is associated with Mr. Juillerat as the Americas RIPS chair, work with India and China would be Mr. Persaud as the Asia Pacific RIPS chair. Mr. Boersma mentioned that there have been points of contact in China with the Securities Association of China (SAC) and we continue to develop those relationships. He reported that Mr. Persaud and Ms. Fang established contact in India as they both spoke at a conference earlier this year in India that was well attended. Mr. Boersma mentioned that some of the BRICS countries have been specifically identified in the GIPS Strategic Plan. In regards to the detail of the plan, he revealed that the Executive Committee believes it is important that a country is ready to take on the role and responsibilities of becoming a Country Sponsor, and not be so aggressive in the growth of adding additional Country Sponsors. Mr. Boersma mentioned that there is ongoing outreach to all countries expressing an interest in the GIPS standards and it is an exciting and encouraging time for the GIPS standards.

Ms. Vincent, Interpretations Subcommittee Chair, mentioned that the new Claim of Compliance requires firms to disclose if they have been verified or not and the period for which they were verified. When disclosing the period, she questioned if it needs to be from a specific day (e.g., 1 January 2001 through 31 December 2010) or instead is it possible to use full years such as 2001 to 2010 if those are full calendar years?

Mr. Juillerat responded that for a full calendar year it would be sufficient to use full years, if in disclosing 2000 to 2009 means 1 January 2000 to 31 December 2009 is not misleading.

Mr. Bacon agreed the disclosure must not be misleading and is an accurate representation. It would be misleading if one month of a year was missing and it was listed as a year.

Ms. Vincent clarified that she wanted to make sure that everyone agreed that it is not misleading to use a full calendar year in the Claim of Compliance.

Mr. Chapman, United Kingdom, made an observation that to merely translate the GIPS standards is no longer sufficient as there are an increasing number of Guidance Statements, interpretations, and Q&As which form part of the GIPS standards. He asked the Executive Committee what guidance is being given to Country Sponsors that are translating the GIPS standards to ensure they are providing all of the materials and not just one part, the GIPS standards. Mr. Chapman stated that he understands this is a thankless task, but increasingly more important that people have the full context and not just a translation of what is in the GIPS standards book.

Mr. Senik agreed with Mr. Chapman that this is an important issue.

Mr. Boersma noted that one of the sections in the GIPS standards that is reviewed in every translation states that compliance is not just the requirements, it is also the guidance, the *GIPS Standards Handbook*, the Q&As, and all of the body of (knowledge) material. He mentioned that the Executive Committee has discussed this issue in the past. Mr. Boersma agreed that it is difficult to comply with the GIPS standards with only the list of requirements. He stated that Country Sponsors are not required to do translations. Mr. Boersma explained that some Country Sponsors have informed him that they did not translate the GIPS standards for firms implementing the GIPS standards, but more to use as a marketing tool to present to the management of a firm or to a regulator.

Mr. Senik suggested that it should be required to include a large disclaimer on a translation of the GIPS standards, on the first page, stating that the other guidance materials (i.e., Guidance Statements, Q&As, etc.) have not been translated and refer them to the other guidance materials that must be complied with.

Mr. Boersma agreed and stated that he supports Mr. Senik's suggestion. He mentioned his recent meeting with the International Accounting Standards Board (IASB) and one of the topics discussed was translations. Mr. Boersma stated that the IASB has a different approach as to how translations are done and funded, but they have a similar issue regarding additional guidance materials.

Mr. Chapman referred to the volume of work in the GIPS Strategic Plan for the next four or five years and the amount of time it takes to bring projects to conclusion. He asked what changes to process can be put in place to accelerate responses to issues when guidance is time critical. Mr. Chapman mentioned that firms have been dealing with the fallout from 2008-2009 in advance of the guidance coming out on alternatives. He stated that it is problematic to ask firms to reconsider what they have already done for two years of performance.

Mr. Bacon stated that Guidance Statements by their very nature are going to take time to produce and require a public comment period. Mr. Bacon suggested that a quicker approach would be to issue a series of

Q&As, if appropriate, on a specific issue. He mentioned that the Executive Committee did issue some Q&As during the crisis and it may be debatable whether the Q&As were issued fast enough but the Q&As were quicker than the Guidance Statement.

Mr. Senik reported that in regard to the alternatives guidance there was a resource conflict due to the 2010 revision of the GIPS standards creating an obstacle. He stated that a first draft of the Guidance Statement was created in the beginning of 2008 before the crisis events.

Ms. Vincent inquired what a firm that complies with the GIPS standards should do if they have already developed a procedure on how they are going to handle side pockets when new guidance comes out? Would a firm be required to go back and change their history and apply the new guidance retro-actively? Ms. Vincent stated that a firm should not typically have to change their history, but require the guidance be followed on a prospective basis.

Mr. Bacon suggested that maybe a firm will find that they want to go back and change their approach. He inquired whether the Executive Committee would allow a firm to change history after having reached a conclusion if they prefer the new guidance that has been issued and regard the change of the history as an error.

Mr. Juillerat mentioned that it is important to opine on when and how a firm should apply new guidance to avoid opportunism when a firm has developed a procedure for dealing with an issue that was void of guidance.

Mr. Boersma stated that new guidance will cause less confusion than each firm deciding their own solution to an issue.

Mr. Schliemann, Germany, reported that the German Country Sponsor is beginning a translation of the GIPS standards. They evaluated why they were doing the translation and decided that the translation was being done for educational purposes. He mentioned that was the reason why the Country Sponsor only translated the GIPS standards. Mr. Schliemann stated that this provides a helping hand for people to be able to read the GIPS standards in German and then use it in translating the guidance themselves. He mentioned that the work load would be far too high to translate all the guidance materials because just translating the GIPS standards is a tremendous amount of work.

Mr. Boersma responded that there are legitimate questions about whether it is advisable to have translations of the GIPS standards without providing translations all of the guidance materials. He stated it has been decided that it is a good thing to have the translations as a means of outreach and education.

Mr. Bacon closed the meeting by thanking all the participants for their patience and contributions.

Meeting adjourned