

## **CFA Centre for Financial Market Integrity**

### **GIPS EXECUTIVE COMMITTEE CONSTITUTION**

The GIPS Executive Committee (“EC”) is a standing committee of the CFA Centre for Financial Market Integrity (“CFA Centre”). The EC’s activities will be guided by the CFA Centre’s Director of Investment Performance Standards, monitored by the CFA Centre’s Managing Director, and subject to annual reporting to the CFA Institute Board of Governors.

#### **Purpose**

The EC serves as the decision-making body responsible for the development and implementation of GIPS standards provisions. The purpose of the EC is to promote the adoption and implementation of a single investment performance presentation standard throughout the world as the common method for calculating and presenting investment performance.

#### **Objectives**

1. To achieve this purpose, the EC (in consultation with GIPS Council) will, among other things:
  - Develop, promulgate, interpret, and maintain the integrity of the Global Investment Performance Standards (GIPS<sup>®</sup>):
    - i. develop new performance standards as needed by the industry, and
    - ii. implement new procedures and controls to ensure that GIPS are consistently applied, interpreted, and expanded with broad public comment;
  - Determine whether standards adopted by local or regional regulators or professional groups are consistent with the GIPS standards;
  - Work with national and regional standard setters to adopt GIPS and, where relevant, accelerate convergence between national standards and GIPS;
  - Be the leading, global organization for investment performance issues; and
  - Operate as the investment industry’s “think tank” for performance measurement and presentation.

#### **Membership**

2. The EC will consist of nine (9) members (including CFA Institute members and non-members).

3. The position of Director of the EC will be held by the CFA Centre Director of Investment Performance Standards. This position will have one vote and will be responsible for ensuring that committee meetings are effectively administered and operated in accordance with the constitution and official operating policies and procedures. The role of the EC Director is to ensure the operation of the EC is conducted in the fairest, most expedient and impartial manner.
4. Of the remaining eight seats, fifty percent (i.e., four seats) will be allocated on the basis of representation appointed by Endorsed Country Sponsors (“Country Sponsors”). The remaining fifty percent (four seats) will be allocated on the basis of key industry and investor groups based on recommendations from the GIPS Council as well as the broader industry and appointed by the CFA Institute Board.
5. The EC will be structured to achieve a broad spectrum of representation across key geographical areas (countries and regions) and key industry and investor groups (e.g., plan sponsors, consultants, investment managers, regulators, individual investors, and verifiers/performance measurers).
6. EC members will be appointed to one (1) year terms, renewable annually at the discretion of the CFA Institute Board for a maximum of four (4) consecutive years. Terms of office begin on 1 September of each year.
7. Candidates for membership on the EC will be sought via a broad solicitation of the GIPS Council, Country Sponsors, CFA Institute members and Member Societies, as well as non-members.
8. EC members are appointed as individuals, to represent a specific constituency, and not as representatives of their employers or other third-parties. Members are expected to contribute to the debate and decision-making of the EC so as to advance the cause of improving financial market integrity.
9. Active and consistent participation by members in the work of the EC is critical to the development of sound, considered, and representative positions. Representatives are expected to participate in meetings, both in-person and telephone conference calls, and other committee activities on a regular basis. If two (2) meetings are missed during any fiscal year, the Director may in his/her discretion, ask such members of the EC to resign from the EC and solicit nominees for replacement. Members of the EC may not send substitutes in their place, except in the case of an extenuating circumstance, where an alternate may be approved by the EC Director.
10. Members are expected to keep certain, identified workings of the EC confidential, including projects undertaken and positions under consideration until the information is made public or otherwise released by CFA Centre management or professional staff. This includes refraining from communicating to any external party any non-public information, including working papers of the EC, that may be obtained by serving as a member of the EC or Subcommittee without the written permission of CFA Centre management.

## **Conflicts of Interest**

11. Members of the EC and its Subcommittees are permitted to make their membership on the Committee known to external parties. However, members are not permitted to use their relationship with the EC, the CFA Centre, CFA Institute or the Global Investment Performance Standards to actively promote their own business interests, those of their employer, or a third party.

## **Meetings**

12. The EC will meet at least three times each year. These meetings may be in-person or through conference calls with additional meetings scheduled as necessary.
13. EC meetings will be open to the public and a summary of the meeting discussions and findings will be made available to the public. The EC will also conduct executive sessions that will be closed to the public.
14. At any meeting of the EC, a 2/3 majority (66%) of all member seats must be present in person or by video or audio conference to constitute a quorum. Members are not allowed to vote by proxy.
15. Each EC seat will receive one vote. Each EC member will be responsible for representing its constituents and voting in the same manner. Approval of any measure requires the affirmative vote of 2/3 (66%) of those constituting a quorum.
16. The CFA Centre will reimburse the EC member for reasonable, documented airfare and other travel expenses, hotel accommodations, and meals and such other expenses incurred in connection with attending any such meetings, in accordance with CFA Institute travel and reimbursement policies.

## **Subcommittees**

17. The EC has authority to create one or more Subcommittees to develop the GIPS standards on specific technical issues or to represent Country Sponsors and key industry groups in the development of the Standards.
18. The EC will establish a standing subcommittee that will engage all Country Sponsors in the development of the Standards – namely, the GIPS Council. Country Sponsors will appoint all members to the GIPS Council.
19. The EC will also determine the need for other Subcommittees and working groups and will appoint the chairs, members and terms of reference. When possible, a member of the EC or GIPS Council with sufficient expertise and interest will serve as the Chair of each Subcommittee. The Subcommittee Chair, Chair of GIPS Council, and Director of the EC will

choose membership on the Subcommittee from nominations of individuals, EC, Council members, and interested, qualified volunteers.

20. All Subcommittees must abide by the relevant Subcommittee Terms of Reference, in addition to this Constitution.
21. Subcommittees will conduct business by conference call and hold in-person meetings.
22. All recommendations made by Subcommittees shall be subject to review by the EC and all actions taken shall be subject to approval by the EC.

### **Meetings with Regulators and Standard-Setters**

23. EC members with relevant experience may be asked to meet with, and testify before, regulatory authorities to present EC and CFA Centre views, or be asked to act as educational resources for these authorities. EC members are expected to participate in these meetings, when possible, particularly when the member has relevant experience.
24. Participation in meetings with regulatory authorities as a representative of the EC, the CFA Centre, or CFA Institute must be approved and coordinated by the EC Director.

### **Acting as a Representative**

25. EC members may also be asked to participate in or make presentations at non-CFA Institute conferences and seminars to present the views and positions of the EC, the CFA Centre or CFA Institute. Participation as a “representative of” the EC, the CFA Centre or CFA Institute, rather than as a private person, must be approved and coordinated by the EC Director to ensure that the individual has the requisite knowledge and understanding of the relevant EC, CFA Centre or CFA Institute positions in order to present those views and positions effectively and appropriately.

### **Accountability**

26. The EC is responsible ultimately to the CFA Institute Board to represent the views of investment professionals in a way that is consistent with the CFA Institute Code of Ethics and Standards of Professional Conduct and other applicable CFA Institute positions, standards, and practices. The EC is expected to take into account previous positions on a particular issue and understand and be able to defend deviations from those positions.
27. The EC will submit a written report on its activities to the CFA Institute Board of Governors at least once each fiscal year, including any correlated public awareness activities.
28. Any future proposed changes to the governance structure of the Executive Committee will be developed by the EC in consultation with the GIPS Council. Final decisions on the governance structure require CFA Institute Board review and approval.