



GIPS Executive Committee (EC) GUIDELINES FOR NOMINATIONS

1. Background

In order to move forward with the formation of the EC Nominations Committee and begin the nominations process, the GIPS Executive Committee (EC) must first consider the timeframe for the initial rotation of EC members (both Country Sponsor and non-Country Sponsor seats). To ensure the primary ground work started by the EC will be completed and the EC member rotation process can be implemented in an orderly manner, the EC has decided that the first membership rotation will be in 2008.

The Nominations Committee will develop an objective and fair process for the nomination and selection of members to the EC. The Nominations Committee has four tasks:

- A. to design and maintain a process (the Succession Plan) to provide an order and structure to the turnover of EC members,
- B. to design the Nominations, Selection and Approval processes to identify nominees that possess the key criteria as set out in the EC Constitution,
- C. to implement the processes in the time frames outlined in the Terms of Reference in order for term changes to take effect on 1 September of each year, and
- D. Develop and implement a rotation plan for EC subcommittees.

2. The Succession Plan

The Succession Plan should reflect the following principles:

- maintain the balance of representation on the EC,
- achieve a balance between retaining experience on the EC, and
- provide order and structure to the succession strategy.

The representation on the EC is structured to reflect both geographical areas and industry/stakeholder groups. The 9 seats currently comprise:

- the Executive Director
- 4 regional seats (elected by Country Sponsors)
- 4 industry/stakeholder seats (appointed by the CFA Institute Board)

In order to adhere to the principles above, approximately one fourth of the 4 industry/stakeholder seats representing a balance of underlying types of membership (regions and industry/stakeholder) should rotate annually. Based on the current composition, the proposed pattern of rotation of specific seats by region and by industry and client types (thereafter repeating) is:

Year	Region	Industry/Client type
Y2 1 Sept 2008	GIPS Council Chair	Verification/Practitioner
Y3 1 Sept 2009	Asia Pacific RIPS Chair	Investor/Consultant
Y4 1 Sept 2010	GIPS Council Chair EMEA RIPS Chair	Investment Manager
Y5, etc. 1 Sept 2011	Americas RIPS Chair	Interpretations

Also See Succession Plan [Appendix B]

Until the normal rotation periods are in place by 2012, uneven periods are necessary for some EC members. By 2012 all EC members will be rotated for the first time, 2016 for the second time, etc. The proposed process is balanced once the first full rotation has taken place (years 5 onwards).

The EC Constitution #6 states: 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 and will be renewable annually for a maximum of four consecutive years. Only the GIPS Council Chair serves a two year term (1 year terms, renewable annually).

For the sake of order and clarity, we would propose that the expectation for membership is set at four-year terms unless a member elects not to renew beforehand or is removed by the CFA Institute Board. All EC members will be asked to renew in writing their commitment for the coming term year (1 September – 31 August).

In the event that a seat’s membership becomes vacant prior to its regular occurrence, the Nominations Committee will be asked to nominate members to fill this position for the interim period until the regular rotation and election takes place.

Once a member ceases to serve on the EC (whether by resignation or the expiration of the four-year term limit), they must sit out for at least one year before re-applying for any EC position again.

3. The Nominations and Selection Processes

Criteria of candidates considered for EC membership should include:

- demonstrated competency and knowledge of investment performance presentation,
- awareness of local and global investment performance environment,
- ability to work in a collegial atmosphere,
- a positive balance of regional and geographic representation,
- integrity, objectivity, and discipline,
- commitment to the EC's purpose and objectives and the public interest,
- commitment and availability of the persons involved, and
- communication skills.

In an effort to standardize the evaluation of nominees, criteria for selecting and recommending EC members must be quantifiable and the information solicited to reflect these criteria should be clearly outlined in an application form. Selection criteria will be divided into primary evaluation criteria, which are considered more important criteria, and secondary evaluation criteria, which are considered less important criteria, and will be weighted accordingly. Scores from each criterion will be summed and will be used to tabulate a total score for each candidate. Total scores will be comparatively evaluated and will serve as strong guidance for selecting a potential EC member.

Outlined below are potential quantifiable criteria to be evaluated.

A. Primary Criteria

1. Experience/Qualifications

Determining the level of experience and qualifications of each candidate will assist the Nominations Committee in identifying qualified candidates to serve on the EC and ensure the balance of representation. As this criterion is the single most important factor in identifying qualified candidates, it will carry the highest weight. Several questions on the nominations form should be devoted to this topic to determine whether the nominee possesses the experience and qualifications necessary to be a member of the EC and, whether the candidate can identify and pursue resources needed to improve performance measurement and reporting standards.

2. Commitment to the GIPS Standards and the EC

The EC must consist of members dedicated to the common goals and objectives of the EC and the GIPS standards. Several questions on the nominations form should require a nominee to explain his/her understanding and commitment to the common goals. Questions in this section should carry the second highest weighting.

3. Leadership

Identifying the leadership skills of potential candidates will aide the Nominations Committee in determining which candidates will be able to plan the and provide direction in achieving the global acceptance of the GIPS standards. Questions on the nominations form should determine whether the candidate demonstrates high ethical standards and whether the candidate can contribute to the creation and execution of a strategic plan for acceptance of the GIPS standards.

4. Communication

Candidates should possess the skills of communicating the goals and objectives of the EC effectively. Some questions on the nominations form should determine whether the candidate expresses thoughts and ideas on performance measurement clearly in speech and writing and whether the candidate has given presentations on the GIPS standards or other performance related topics.

B. Secondary Criteria

5. Adaptability and Creativity

An EC member should possess skills to adjust to changing circumstances and think creatively. This section will identify each candidate's ability to adapt to the changing elements of the investment management industry and conceptualize new ideas. The nominations form should ask questions to determine whether the candidate can adjust to changing circumstances, whether the candidate approaches obstacles with imagination and originality, and whether the candidate can develop proactive steps for furthering the efforts of the EC.

6. Personal Development

The personal development of each candidate should be reviewed in an effort to determine whether the candidate displays commitment and seeks personal development. The nominations form should ask several questions to determine whether the candidate participates in ongoing personal growth and development.

7. Relationships

As members of the EC represent a broad spectrum of stakeholders, their ability to work together as a cohesive group will directly contribute to the success of the EC. The nominations form should inquire about the nominee's opinions on working with a multi-national group.

Application Form

The Nominations Committee will draft an Application Form that will likely be divided into three sections: Administrative Details, Competency, and Additional Information. The Administrative Details section will provide the EC with the necessary contact and sponsor information. The Additional Information section will provide a section for nominees to highlight their educational background and professional accomplishments.

The Competency section is divided into seven sections that focus on the primary and secondary evaluation criteria. It includes questions necessary to quantitatively evaluate each candidate.

4. Call for Nominations

In addition to the promotional efforts of CFA Institute to alert the public to open nominations through the GIPS website and CFA Institute publications, Country Sponsors should also attempt to encourage and recruit qualified candidates to apply.

5. Approval Process

The CFA Institute Board, or appropriate subcommittee as determined by the CFA Institute Board, has oversight of the approval of the nominations put forward by the Nominations Committee. In case that a nominee is not approved or an approved member declines to join, the Nominations Committee should put forward a replacement candidate from its due diligence exercise.

Appendix A - Guidelines for Nominations

EC MEMBER NOMINATIONS AND ROTATION PROCESS TIMETABLE

November (First time November 2007)

- Elect and Appoint EC Nominations Committee members.

January (First time January 2008)

- EC Nominations Committee members will begin their one year term. Examine if the term of the Nominations Committee needs to begin in September.
- EC Nominations Committee will review and finalize the nominations process and documents (EC Nominations Timeline, Nominations Guidelines, TOR and Application) for EC approval.
- 60-day nominations period opens on or around 15 January and closes 15 March:
 - Country Sponsors solicited for candidates for the appropriate rotating Country Sponsor seat (GIPS Council Chair and/or three RIPS Chairs)
 - Broad solicitation for the appropriate rotating non-Country Sponsor seats (i.e. Investor/Consultant, Interpretations, Verification/Practitioner and/or Investment Manager) using CFA Magazine, e-mail broadcasts, Country Sponsors, media, etc.

March

- Create the ballot to vote on Country Sponsors seats candidates.
- EC Nominations Committee reviews and selects non-Country Sponsor candidates

April

- Circulate ballot to Country Sponsors to vote on the Country Sponsor seats candidates (60-day period beginning no later than 15 April)
- EC Nominations Committee submits non-Country Sponsor nominees no later than 15 April to CFA Institute Board for approval

June

- Country Sponsor seat election concludes

July

- New EC members are informed of their appointment no later than 31 July

September

- All new EC members will assume their seat on 1 September, under the term length and conditions outlined in the Guidelines for Nominations.

Appendix B – Guidelines for Nominations

2008 EC Decisions Regarding Nominations Committee

13 March 2008 Amsterdam EC Closed Minutes:

- The Nominations Committee has been requested to assign a Chair of the committee and designated Jonathan Boersma, as GIPS Executive Director, to serve as Chair.

22 September 2008 Boston EC Closed Minutes:

Action Item

- When formed, the 2009 EC Nominations Committee will prepare a proposal on membership terms and rotation of GIPS subcommittees for the EC to review.

Decision Points:

- The GIPS EC approved the motion that Country Sponsor election vote total results can be disclosed to candidates only, upon request, after the vote is validated by the GIPS Council Chair or the GIPS EC Chair; and that individual votes are to remain confidential. (9 Votes)
- The GIPS EC approved the motion that all endorsed Country Sponsors are eligible to vote if they are endorsed prior to the close of the election. (9 Votes)