

**Jamie Carter's response to GIPS Executive Committee's (EC) invitation to comment on proposed GIPS 2010 Exposure Draft:**

1) 5.B.7 - Requirement to quote the 3 year annualized standard deviation of the composite and benchmark. I think these figures, on their own, are meaningless. If CFA wish to deal with risk then just quoting these figures in isolation is not enough and something more comprehensive needs to be thought about. You would need to consider the composite strategy for context and I would guess that in order to deal with all possibilities; you would need to cover risk in much larger depth which you may not want to do in compiling "performance standards".

2) 0.A.7 - The disclosure that claims compliance does not differentiate enough between those that have been verified recently, those that were verified and are out of date and those that have not been verified at all. As the first sentence is the same for all three categories, I think prospective investors will gloss over the second sentence which is absolutely key. The different wording for the three categories is not prominent enough if included as the second sentence in that disclosure. I propose that the first two disclosures on every presentation should be the claim of compliance and then separately, verification. Under verification, it should just say that the firm is not verified, or that it is and for what dates or that it was to certain dates but is not currently. I also think a current verification should be in the last 12 months, not 24, which seems too long.

3) I think that if you claim compliance you must be verified by an independent party, it cannot just be a recommendation to be verified. If you are unwilling or unable to be verified then you shouldn't be claiming compliance. It makes a mockery of those that do go through the verification process. CFA argue that the standards are best practice and cannot be enforced, which I agree with, but then every firm has the choice of whether to follow the standards or not and if you don't want to or cannot be verified as following best practice standards then I don't think you can claim that you are following the standards, particularly in today's environment where there is much greater distrust of fund managers and there quoted performance.

I look forward to seeing details of all of the comments that you have received in relation to this draft, which in the main, is good.

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