

The CFA Institute  
Professional Standards and Advocacy Department  
PO Box 3668  
Charlottesville  
VA 22903

25 January 2005

### **Comment on the Guidance Statement on Error Correction**

Dear Sir

Thank you for affording us the opportunity to respond to the proposed Guidance Statement on Error Correction.

#### **General Comments**

- 1 *Do you support CFA Institute's effort to develop provisions to be added to the GIPS standards addressing the guidance of error correction?*

Yes. We appreciate the CFA Institute's acknowledgment that errors do occur and the steps they have taken in their acknowledgement.

- 2 *Do you agree that the guidance should be applied to all types of errors?*

Yes.

- 3 *Do you agree with firms not making retrospective changes to previously presented information?*

When errors are corrected retrospectively, firms should endeavour to notify recipients of the incorrect presentations of the changes and the reasons for the change. It will not be possible to notify all recipients, but those who have acted on the information, e.g. new clients and potential new clients that the firm is aware of, asset consultants and verifiers, should be sent correct information and disclosures.

- 4 *Should the GIPS standards require firms to have documented policies and procedures for correcting errors?*

Yes.

- 5 *Do you agree with the guiding principles provided to firms when determining how to handle errors?*

Yes.

- 6 *Do you agree with the application questions and responses provided?*

Application 1: Yes

Application 2: The "ANY prospective clients" should be removed and replaced by "prospective clients, consultants and verifiers" as it will be impossible for firms to know at any point who their prospective clients are. They will be able to act only in cases of which they are aware.

- Application 3: We feel that this application question and answer should actually be incorporated in to the main body of the guidance statement.
- Application 4: The “ANY prospective clients” should be removed and replaced by “prospective clients, consultants and verifiers” for the reasons set out above.
- Application 5: Yes.
- Application 6: The last sentence “This disclosure should remain on the presentation a minimum of twelve months”, should be incorporated in the main body of the guidance statement

Yours faithfully

**Carl de Wet, Chairman & Delene Hamman**  
**Investment Management Association of South Africa**  
**GIPS Standing Committee**