

CFA Institute  
CFA Centre for Financial Market Integrity  
Reference: Guidance Statement on Error Correction  
P.O Box 3668  
Charlottesville, Virginia 22903  
Fax: 434-951-5320  
E-mail: [standardsetting@cfainstitute.org](mailto:standardsetting@cfainstitute.org)

Oslo, 23 February 2005

**INVITATION TO COMMENT:  
Guidance Statement on Error Correction**

Dear Sir or Madame,

We would like to thank you for the opportunity to comment on the Guidance Statement on Error Correction to the GIPS® Standards.

The Norwegian Society of Financial Analysts (Norske Finansanalytikeres Forening, hereafter-named NFF), is the sponsor for GIPS® in Norway.

Norsk GIPS as a Translation of GIPS® was endorsed by IPC at the September meeting 2001.

Our comments to IPC are as follows:

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

**NFF:** Yes we do.

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

**NFF:** Yes we do.

- We believe that there is a difference between erroneous and omitted information. We believe it is reasonable to assume that erroneous information can influence the selection of a manager, but not necessarily unintentionally omitted information, such as inconsistencies between the chosen source of exchange rates and those of the benchmark, GIPS 4.A.11.

We would welcome a discussion between erroneous and omitted information in the proposed Guidance Statement.

- It should be stated that all out-scouring of portfolio record keeping and performance measurement functions do not alter the responsibility of the correct information provided, according to this proposed Guidance Statement.

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

**NFF:** Yes we do, as long as the firm captures and correct the information in a subsequent period.

- It should be a requirement in the proposed Guidance Statement to handle all errors with the same motivation, irrespective of its impact on the reported return.

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

**NFF:** Yes, the standards should require such policies and procedures.

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

**NFF:** Yes we do.

- We would welcome a mandatory requirement to inform the verifier about the erroneous or omitted information, in addition to information to the prospective clients and consultants when required. Information to the verifier can prevent other firms to undertake the same mistakes and omissions.

**6) IPC: Do you agree with the application questions and responses provided?**

Yes, except of application 2.

We do not believe that all omitted information is to be regarded as a material error, refer to our answer to your question 2.

- **Other proposals:**

**NFF:**

- As with all Guidance Statements we recommend that part III of GIPS, covering Verification, is updated simultaneously. We recommend as a minimum that the verifier as a pre-verification procedure receives the

firm's policy on error correction, refer to pre- verification procedures D.  
(Knowledge of Firm Policies).

Best regards,  
The Norwegian Society of Financial Analysts (NFF)

Gunnar Winther  
Secretary General

All inquiries or comments related to GIPS should be sent to the chairman of the "NFF  
Committee on Performance Measurement" Mr. Jorn Kleven, AFA, CEFA,  
[jorn.kleven@c2i.net](mailto:jorn.kleven@c2i.net)