



Madrid, 28<sup>th</sup> February 2005

CFA Institute  
Professional Standards & Advocacy Department  
Reference: "Gold" GIPS Standards  
P.O. Box 3668  
Charlottesville, Virginia 22903  
USA

Dear Sirs,

Thank you for the opportunity to comment on the guidance statements. The following is a summary of opinions and concerns of the Spanish Investment Performance Committee regarding the proposed "Error Correction" and "Verifier Independence" guidance statements.

#### **General Comments on both Guidance Statements**

Although the SIPC agrees with most of the contents of these guidance statements, the committee would also like to share its view concerning the way that guidance statements are structured.

As CFA Spain, we understand that one of our key missions is to promote the adoption of GIPS in our market. The guidance statements help that objective by clarifying complex issues within the standards. However, that objective could be better attempt by redacting guidance statements as clear as possible. In that sense, we have noticed that some guidance statements are too lengthy and sometimes contain redundant information making more difficult to understand and implement GIPS.

We consider it would be good for GIPS to write the guidance statements in a more concise manner and to structure them in a slightly different way. The SIPC believes that a feasible approach would be to include in guidance statements a one-page executive summary allowing a reasonable understanding of them.



However, the committee finds worthy and necessary the inclusion of examples and clarifications, such as the one included in the Q&A section, although this information could be included at the end of the document.

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

### **Comment Requested**

The SIPC agrees with the contents of the guidance statement, although we would like to add the following comments on it.

#### *Calculation Difficulties*

The SIPC realizes that it could be difficult in some cases to re-calculate the figures when a mistake is found (for example when some of the data required to re-valuate portfolios has not been stored in a database).

The SIPC believes that if there is not flexibility in considering these situations in the guidance statement, firm could attempt to adopt a too broad materiality definition, and that should not be the aim of GIPS.

#### *Reporting of errors*

The SIPC thinks that the interpretation committee should consider the viability of this statement. We believe that for a firm would be very difficult to identify and distribute the corrected report, especially because a firm cannot control the distribution of every single GIPS report they have provided to their potential clients.

We found that it would be helpful the inclusion of a prescriptive definition of a prospective client in this guidance.

#### *Divergences between the materiality definition of the firm and the regulator*

We believe the guidance statement should consider the case when potential differences exist between the materiality definition of the firm and the regulator.

## **Comments on the Guidance Statement on the Verifier Independence**

### **Comment Requested**

1. *Do you agree with the principles established in the Guidance Statement?*

Yes.

2. *Are there other elements involved in the verifier independence that are not included?*

In general the SIPC believes that the most relevant elements are included in the guidance statement.



3. *Do you agree with the proposed Effective Date?*  
Yes.

Once more, we would like to thank you for allowing us to comment on the proposed guidance statements, we hope you will find helpful our views on these matters.

Your Sincerely,

José Luis Velasco Arangüena  
On behalf of the SIPC Committee