



ALLEGIANCE CAPITAL

July 28, 2004

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

Re: Proposed Revisions to the Global Investment Performance Standards

Allegiance Capital, as a firm who complies with the AIMR PPS standards and who employs CFA professionals, appreciates the opportunity to comment on the proposed revision to the Global Investment Performance Standards (GIPS). We support the efforts of the CFA Institute and the underlying principles of ethical performance presentations that the GIPS standards seek to achieve.

We have read, with interest, the comments of our business colleagues and, while we would like to place specific emphasis on several areas of concern, we would also like to strongly endorse the comments we reviewed which were made by MMI. We are particularly concerned with the relationship between the Gold GIPS and the AIMR Wrap Fee Guidance Statement as proposed in 2002. Since the Institute has yet to take final action with respect to that very complex issue and with the assumption that the Gold GIPS, as adopted, will supercede any aspect of that Guidance Statement, we are concerned about its impact.

In addition, we would like to comment as follows:

Mandatory Verification:

We believe that verification should be motivated by the demands of the marketplace, not by requirement. The costs of verification stand to eliminate the voluntary compliance of smaller firms, which should not be the aim of the Standards. Additionally, U.S. firms who make claims of compliance already answer to the higher power of the S.E.C.

4.A.23 "The firm must disclose any events (such as ownership or personnel changes, significant deviations between annual and interim performance results, etc.) which help a prospective client interpret the performance record.

We fully concur with the intent of such disclosure and recognize the value to prospects or clients of knowing how a "key" change might impact their performance. However, the reference to "personnel changes" is too ambiguous and subjective to each firm. We believe this language

should be clarified as to what level or classification of personnel changes must be disclosed. For example, the departure of a junior investment analyst may have little or no impact on the performance of a portfolio, whereas a senior investment individual may. We would suggest verbiage that made it clearer that the personnel made reference to would have a position of direct or significant impact to performance, such as those identified by the underlying firm as senior investment personnel.

We appreciate the opportunity to share our views with respect to the Gold GIPS proposal.

Sincerely,

A handwritten signature in cursive script that reads "Mark T.". The signature is written in black ink and is positioned above a horizontal line.

Mark Torline,
CEO and Managing Director